

Post Office appropriation bill; to the Committee on Appropriations.

10469. Also, petition of Donald N. Dockrell Post, Veterans of Foreign Wars, Newington, Conn., opposing the Bratton amendment; to the Committee on Appropriations.

10470. By Mr. McFADDEN: Petition of 40 engineers, firemen, and trainmen of the Lehigh Valley Railroad Co., transportation department, Sayre, Pa., favoring a 5-day week, which they feel will be no additional cost to the railroad company, but will mean an equalization of work among the employees; to the Committee on Interstate and Foreign Commerce.

10471. By Mr. MILLARD: Petition presented at the request of residents of Westchester County, N. Y., urging legislation for the revaluation of the gold ounce; to the Committee on Banking and Currency.

10472. Also, petition presented at the request of the members of the Woman's Christian Temperance Union at Mamaroneck and Larchmont, N. Y., protesting against the so-called beer bill and the repeal of the eighteenth amendment; to the Committee on the Judiciary.

10473. Also, petition presented at the request of the members of the Woman's Christian Temperance Union of Suffern, N. Y., protesting against the so-called beer bill and the repeal of the eighteenth amendment; to the Committee on the Judiciary.

10474. By Mr. RUDD: Petition of Queens Chapter, No. 26, Disabled American Veterans of the World War, Flushing, Long Island, N. Y., protesting against any legislation proposed or anticipated that will affect veterans' benefits; to the Committee on World War Veterans' Legislation.

10475. By Mr. SHREVE: Petition of J. H. Anderson and 14 other citizens of Erie County, Pa., asking for the passage of the stop-alien-representation amendment to the Constitution of the United States; to the Committee on the Judiciary.

10476. By Mr. SWICK: Petition of Mrs. E. W. Morrow, 208 North Walnut Street, New Castle, Pa., president, and Mrs. Ellis White, Harlansburg, secretary, and members of the Croton Woman's Christian Temperance Union, New Castle, Lawrence County, Pa., indorsing Senate bill 1079 and Senate Resolution 170, providing for a Federal motion-picture commission to regulate and supervise the motion-picture industry; to the Committee on Interstate and Foreign Commerce.

10477. By the SPEAKER: Petition of Samuel Dickstein, requesting an investigation of the conduct of George Z. Medalie, United States attorney for New York, and his office; to the Committee on the Judiciary.

## SENATE

FRIDAY, FEBRUARY 17, 1933

(Legislative day of Friday, February 10, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Mr. BLACK obtained the floor.

Mr. FESS. Will the Senator from Alabama yield to me for the approval of the Journal and to suggest the absence of a quorum?

Mr. BLACK. I yield to the Senator from Ohio for that purpose.

### THE JOURNAL

Mr. FESS. Mr. President, I ask unanimous consent for the approval of the Journal for the calendar days of Wednesday and Thursday, February 15 and 16, 1933.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

### CALL OF THE ROLL

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Dickinson	La Follette	Shipstead
Austin	Dill	Lewis	Shortridge
Bailey	Fess	Logan	Smith
Bankhead	Fletcher	McGill	Smoot
Barbour	Frazier	McKellar	Stelwer
Barkley	George	McNary	Stephens
Bingham	Glass	Metcalf	Swanson
Black	Glenn	Moses	Thomas, Idaho
Blaine	Goldsborough	Neely	Thomas, Okla.
Borah	Gore	Norbeck	Townsend
Bratton	Grammer	Norris	Trammell
Brookhart	Harrison	Nye	Tydings
Bulkley	Hastings	Oddie	Vandenberg
Bulow	Hatfield	Patterson	Wagner
Byrnes	Hayden	Pittman	Walcott
Capper	Hebert	Reed	Walsh, Mass.
Caraway	Hull	Reynolds	Walsh, Mont.
Clark	Johnson	Robinson, Ark.	Watson
Coolidge	Kean	Robinson, Ind.	White
Costigan	Kendrick	Russell	
Couzens	Keyes	Schuyler	
Davis	King	Sheppard	

Mr. WHITE. I wish to announce the unavoidable absence of my colleague [Mr. HALE] owing to the death of his brother.

Mr. SHEPPARD. I desire to announce that my colleague the Senator from Texas [Mr. CONNALLY] is necessarily detained from the Senate by illness. I will let this announcement stand for the day.

Mr. WALSH of Montana. My colleague [Mr. WHEELER] is absent owing to illness. I ask that this announcement may stand for the day.

Mr. NORRIS. I desire to announce that my colleague the junior Senator from Nebraska [Mr. HOWELL] is detained on official business of the Senate.

Mr. FESS. I wish to announce that the junior Senator from Wyoming [Mr. CAREY] is detained on official business. I ask that this announcement may stand for the day.

Mr. WAGNER. I desire to announce that my colleague [Mr. COPELAND] is necessarily absent from the Senate because of the death of his father. I ask that this announcement may stand for the day.

Mr. SHIPSTEAD. I wish to announce that my colleague [Mr. SCHALL] is unavoidably absent. I ask that this announcement may stand for the day.

The VICE PRESIDENT. Eighty-five Senators have answered to their names. A quorum is present.

### MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had passed without amendment the bill (S. 4576) to authorize the Secretary of Commerce to grant an easement for railroad right of way over and upon a portion of the helium-gas bearing lands of the United States of America, in Potter County, in the State of Texas.

The message also announced that the House had passed the bill (S. 1705) for the relief of Samuel C. Davis, with an amendment, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the bill (S. 567) to authorize the Secretary of War to sell to the Philadelphia, Baltimore & Washington Railroad Co. certain tracts of land situate in the county of Harford and State of Maryland, with amendments, in which it requested the concurrence of the Senate.

The message also announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 637. An act to relinquish the title of the United States to certain lands in the county of Los Angeles, State of California;

H. R. 1169. An act for the relief of the Monumental Stevedore Co.;

H. R. 2601. An act for the relief of William Mathew Squires;

H. R. 2803. An act for the relief of John S. Stotts, deceased;

H. R. 3969. An act for the relief of John P. Leonard;

H. R. 4395. An act for the relief of Harry C. Anderson;

H. R. 6933. An act for the relief of Zoe A. Tilghman;

H. R. 7174. An act for the relief of James J. Meaney;

H. R. 7986. An act for the relief of William N. Fishburn;

H. R. 8879. An act for the relief of Joanna A. Sheehan;  
 H. R. 10070. An act for the relief of Beryl M. McHam;  
 H. R. 11150. An act for the relief of G. C. Vandover; and  
 H. R. 11980. An act authorizing the President to make a posthumous award of a distinguished-flying cross to Glenn H. Curtiss, deceased, and to present the same to Lua Curtiss, mother of the said Glenn H. Curtiss, deceased.

# PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint memorial of the Legislature of the State of Idaho, which was referred to the Committee on Banking and Currency:

## STATE OF IDAHO, DEPARTMENT OF STATE.

I, Franklin Girard, secretary of state of the State of Idaho, and legal custodian of the original enrolled copies of all acts passed at the various sessions of the Legislature of the State of Idaho, do hereby certify that the annexed constitutes a full, true, and complete transcript of the original enrolled copy of Senate Joint Memorial No. 4, enacted by the twenty-second session of the Legislature of the State of Idaho, and filed in this office the 13th day of February, 1933.

In testimony whereof I have hereunto set my hand and affixed the great seal of the State. Done at Boise, the capital of Idaho, this 13th day of February, A. D. 1933.

[SEAL.]

FRANKLIN GIRARD,  
 Secretary of State.

IN THE SENATE.

Senate Joint Memorial 4 (by Kirkpatrick and Donart)

A joint memorial to the honorable Senate and the House of Representatives of the United States of America in Congress assembled.

Received and filed February 13, 1933.

FRANKLIN GIRARD,  
 Secretary of State.

IN THE SENATE.

Senate Joint Memorial 4 (by Kirkpatrick and Donart)

A joint memorial to the honorable Senate and House of Representatives of the United States of America in Congress assembled

We, your memorialists, the Legislature of the State of Idaho, respectfully represent: That—

Whereas by reason of the great depreciation in the price of farm products and the inability of farmers to market the products of their farms in an amount to equal the cost of production, irrigation districts, duly organized and existing in conformity with the laws of the State wherein such districts are situate, and which districts were organized at the request of, and under contracts made with, the Secretary of the Interior for the purposes of management and for the purposes of collecting and paying the costs of constructing irrigation works by the Department of Reclamation of the Government of the United States, are unable to collect the assessments for the operation and maintenance of such irrigation district canals and diversion works and to pay the costs incurred in the diversion and distribution of the water to farms in such districts; and

Whereas by reason of said inability to collect such assessments and the inability of the farmers in said districts to pay, from the sale of the products of their farms, the costs of such operation and maintenance, such districts have been forced to issue and sell warrants of the districts, legally issued for such expense for the year 1932, which are outstanding and unpaid; and

Whereas it will be necessary, in order to pay such operating expenses, so that the farmers within such districts may be able to carry on their farms, for such irrigation districts to issue warrants for the payment of such expenses during the year 1933, which warrants can not be paid until the crops of 1933 are marketed; and

Whereas said warrants are a general lien upon the lands and water rights of such irrigation districts together with the interest thereon and are a first lien on said lands and said water rights subject only to the lien of the Department of Reclamation of the Government of the United States for construction purposes and will be paid as soon as the price of farm products is increased above the cost of production and the 1933 crops can be marketed; and

Whereas it is necessary that money be obtained for the operation and maintenance of said districts and to pay the cost for the distribution of water to said farms for the year 1933 if crops are to be produced on said lands; and

Whereas under the act of the Congress of the United States, approved July 21, 1932, known as the emergency relief and construction act of 1932, and the act of which it was an amendment, loans can not be made to such irrigation districts for the purposes herein provided; and

Whereas the interests of the thousands of farmers in said irrigation districts require that the Reconstruction Finance Corporation may make loans for such purpose and accept the warrants of such districts as securities: Now, therefore, be it

Resolved by the Senate of the State of Idaho (the House of Representatives concurring), That we most respectfully urge upon

the Congress of the United States of America to immediately broaden the terms of said act, by amendment thereto, under which loans by the Reconstruction Finance Corporation may be made so as to include loans to such irrigation districts for such purpose, accepting as security therefor the warrants of said districts legally issued and registered in the manner provided by law, the payments of which, together with interest thereon, shall be guaranteed by assessments duly levied, or to be levied, as provided by law; be it further

Resolved, That the secretary of state of the State of Idaho be authorized, and he is hereby directed, to forward certified copies of this memorial to the Senate and the House of Representatives of the United States of America, and to the Senators and Representatives in Congress from this State.

This senate joint memorial passed the senate on the 6th day of February, 1933.

GEO. E. HILL,  
 President of the Senate.

This senate joint memorial passed the house of representatives on the 9th day of February, 1933.

ROBERT COULTER,  
 Speaker of the House of Representatives.

I hereby certify that the within Senate Joint Memorial No. 4 originated in the senate during the twenty-second session of the Legislature of the State of Idaho.

M. J. HAMMOND,  
 Secretary of the Senate.

The VICE PRESIDENT also laid before the Senate telegrams in the nature of petitions from Stuart L. Adams, Katherine and Edna McCollam, Pocahontas M. Smith, Mrs. Mary S. Stanton, Alice Labouisse, Anna Monroe Lyons, Eva L. Page, Rhett Lyons, Anna E. Many, Eva J. Lyons, Florence Ambrose Smith, May Bernard Allen, Mrs. C. L. Eshleman, Mrs. Gustaf Westfeldt, Mrs. Joseph E. Friend, and Bertha Lataue, all dated the 16th instant, New Orleans, La., praying for a continuance of the investigation of the Louisiana senatorial election, 1932, by the special committee of the Senate to investigate campaign expenditures of the various presidential, vice presidential, and senatorial candidates in 1932, which were referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

One of the telegrams was ordered to be printed in the RECORD, and it is as follows:

NEW ORLEANS, LA., February 16, 1933.

The VICE PRESIDENT AND THE SENATE,  
 Washington, D. C.:

Can not too strongly urge in interest of good government that your senatorial investigating committee continue its work here until our political situation is purged of fraud. Kindly read this in Senate and publish in CONGRESSIONAL RECORD.

STUART L. ADAMS.

Mr. GEORGE presented the following resolution of the Legislature of the State of Georgia, which was referred to the Committee on the Judiciary:

Whereas in 1918 the Federal Government embarked in the cotton-duck manufacturing business by building a mill for the employment of prisoners at the Atlanta Penitentiary; and

Whereas the inroads made by the product from this mill into the markets of the free mills manufacturing cotton duck have been and are to-day very serious, it appearing from the records as compiled by the Cotton Duck Association, the Association of Cotton Textile Merchants, the American Cotton Manufacturing Association, and the National Association of Cotton Manufacturers that this cotton mill has a total of 516 looms, of which 440 are wide-duck looms, making up the largest single producer of wide duck in the United States; and

Whereas the total production of over 5,000,000 pounds of wide duck per year constitutes over 25 per cent of the wide-duck production of all free mills combined—the output for the year 1931 amounted to 38 per cent; and

Whereas this concentration by the prison mill on wide duck to the extent of over 25 per cent of the total of free production constitutes a definite violation to the spirit and letter of the law under which the mill is operated (Public, No. 271, H. R. 7412, 71st Cong.), which specifically states in the first paragraph that Federal-prison employment shall reduce to the minimum competition with private industry and free labor; and

Whereas the present Superintendent of Prisons, Mr. Sanford Bates, in a public hearing before what is known as the Shannon committee on September 22, 1932, stated that if the prison mill were not now in existence he would not favor building such a mill, and added further that "the suggestion from your committee that we do not concentrate on one industry and that we be permitted to diversify would be a welcome suggestion to our bureau"; and

Whereas in view of the efforts being made for relief of the unemployed throughout the country, over 25 per cent of such un-



employment in our cotton mills being directly attributed to the operation of this enterprise at the Federal prison; and

Whereas full authority in respect to this activity rest by act of Congress (Public, No. 271, 71st Cong., H. R. 7412) with the Attorney General of the United States: Therefore, be it

*Resolved by the General Assembly of the State of Georgia, That the Attorney General be requested to review the facts submitted before the Shannon committee on September 22, 1932, and that action be taken to bring about such diversification of such activity at the Atlanta Penitentiary, in accordance with the laws, as will substantially and permanently decrease the manufacture of duck at this institution; be it further*

*Resolved, That the act of Congress approved July 10, 1918 (U. S. C., sec. 794, title 18), if necessary to prevent this unfair competition, both with one branch of the industry and as a whole, be amended so that the total manufacture of cotton duck shall be limited to an amount not in excess of 500,000 pounds per annum, except during such time as the United States Government may be at war: Be it further*

*Resolved, That copies of this resolution be sent our two Senators and the different Members of the House of Representatives from Georgia.*

Mr. KEAN presented a concurrent resolution of the Legislature of the State of New Jersey favoring the making of sufficient appropriations to carry out the provisions of the national defense act of 1920 and its accompanying legislation, which was referred to the Committee on Appropriations.

(See concurrent resolution printed in full when presented by Mr. BARBOUR on yesterday, p. 4214, CONGRESSIONAL RECORD.)

Mr. BLAINE presented a joint resolution of the Legislature of the State of Wisconsin memorializing Congress to impose higher tariff duties on dairy products, which was referred to the Committee on Finance.

(See joint resolution printed in full when laid before the Senate by the Vice President on yesterday, p. 4213, CONGRESSIONAL RECORD.)

Mr. BLAINE also presented a joint resolution of the Legislature of the State of Wisconsin memorializing Congress to enact legislation for the nomination of candidates for President and Vice President in nation-wide primary elections, which was referred to the Committee on Privileges and Elections.

(See joint resolution printed in full when laid before the Senate by the Vice President on yesterday, p. 4313, CONGRESSIONAL RECORD.)

Mr. ROBINSON of Arkansas presented a letter from E. P. Moore, of Helena, Ark., suggesting the adoption of a "back-to-the-land" movement in the present economic situation, with sufficient support from the Government to finance first crops and homes and to supply cows, hogs, and work animals, instead of the continuance of present relief plans operating through the Reconstruction Finance Corporation, which was referred to the Committee on Agriculture and Forestry.

Mr. TYDINGS presented the petition of the Chamber of Commerce of Bethesda, Md., praying for the balancing of the Budget by the adoption of a sales-tax plan, which was referred to the Committee on Finance.

He also presented a resolution adopted by the Bethesda (Md.) Chamber of Commerce, protesting against reductions in the salaries of Federal employees, whether made directly or accomplished through the medium of a furlough plan, which was ordered to lie on the table.

#### REPORTS OF COMMITTEES

Mr. ODDIE, from the Committee on Post Offices and Post Roads, to which was referred the bill (H. R. 11270) to amend section 2 of the act entitled "An act making appropriations for the service of the Post Office Department for the fiscal year ending June 30, 1913, and for other purposes," reported it with an amendment and submitted a report (No. 1243) thereon.

Mr. McNARY, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 964) authorizing and directing the Secretary of Agriculture to investigate all phases of taxation in relation to agriculture, reported it without amendment.

Mr. SHORTRIDGE, from the Committee on Naval Affairs, to which was referred the joint resolution (S. J. Res. 255) authorizing the Secretary of the Navy to sell surplus

coal at nominal prices for distribution to the needy, reported it without amendment and submitted a report (No. 1244) thereon.

#### BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. JOHNSON:

A bill (S. 5651) to amend sections 361, 392, 406, 407, 408, 409, 410, 411, and 412 of the United States Code relating to the construction and inspection of boilers, unfired pressure vessels, and the appurtenances thereof; to the Committee on Commerce.

By Mr. CLARK:

A bill (S. 5652) to provide for the appointment of an additional district judge for the eastern and western districts of Missouri; to the Committee on the Judiciary.

By Mr. BARBOUR:

A bill (S. 5653) granting a pension to Minnie Wild; to the Committee on Pensions.

By Mr. ODDIE:

A bill (S. 5654) for the relief of W. L. Nygren; to the Committee on Claims.

A bill (S. 5655) giving the name "Lake Nevada" to the body of water resulting from the construction of the Hoover Dam; to the Committee on Public Lands and Surveys.

(Mr. ROBINSON of Arkansas introduced Senate bill 5656, which appears under a separate heading.)

By Mr. WALSH of Massachusetts:

A bill (S. 5657) for the relief of Joanna A. Sheehan; to the Committee on Claims.

By Mr. ROBINSON of Indiana:

A bill (S. 5658) granting a pension to Flora B. Parker; to the Committee on Pensions.

By Mr. GEORGE:

A bill (S. 5659) authorizing the State of Georgia to construct, maintain, and operate a toll bridge across the Savannah River at or near Lincolnton, Ga.; to the Committee on Commerce.

#### RECONSTRUCTION FINANCE CORPORATION LOANS

Mr. ROBINSON of Arkansas. Mr. President, I ask leave to introduce a bill and have it referred to the appropriate committee. I will make just a brief statement about it. The bill repeals that provision of law which requires or provides for publicity respecting loans by the Reconstruction Finance Corporation.

The bill (S. 5656) to amend subsection (b) of section 201 of the emergency relief and construction act of 1932 was read twice by its title and referred to the Committee on Banking and Currency.

#### TAXATION OF CERTAIN NONINTOXICATING LIQUOR—AMENDMENT

Mr. McNARY submitted an amendment intended to be proposed by him to the bill (H. R. 13742) to provide revenue by the taxation of certain nonintoxicating liquor, and for other purposes, which was ordered to lie on the table and to be printed.

#### RELIEF FOR THE UNEMPLOYED—AMENDMENT

Mr. WALSH of Massachusetts submitted an amendment intended to be proposed by him to Mr. WAGNER's amendment to the bill (S. 5125) to provide for cooperation by the Federal Government with the several States in relieving the hardship and suffering caused by unemployment, and for other purposes, which was ordered to lie on the table and to be printed, as follows:

On page 6, line 5, after the word "markets," to insert "(including markets for the purpose of buying, selling, warehousing, or storing of agricultural commodities and livestock)."

#### HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred as indicated below:

H. R. 637. An act to relinquish the title of the United States to certain lands in the county of Los Angeles, State of California; to the Committee on Public Lands and Surveys.

H. R. 1169. An act for the relief of the Monumental Stevedore Co.;

H. R. 6933. An act for the relief of Zoe A. Tilghman;

H. R. 8879. An act for the relief of Joanna A. Sheehan; and

H. R. 11150. An act for the relief of G. C. Vandover; to the Committee on Claims.

H. R. 2601. An act for the relief of William Mathew Squires;

H. R. 2803. An act for the relief of John S. Stotts, deceased;

H. R. 3969. An act for the relief of John P. Leonard;

H. R. 4395. An act for the relief of Harry C. Anderson;

H. R. 7174. An act for the relief of James J. Meaney;

H. R. 7986. An act for the relief of William N. Fishburn;

H. R. 10070. An act for the relief of Beryl M. McHam; and

H. R. 11980. An act authorizing the President to make a posthumous award of a distinguished-flying cross to Glenn H. Curtiss, deceased, and to present the same to Lua Curtiss, mother of the said Glenn H. Curtiss, deceased; to the Committee on Military Affairs.

#### CORRECTION IN ENROLLMENT OF HOUSE BILL 7522

The VICE PRESIDENT laid before the Senate a concurrent resolution (H. Con. Res. 49), which was read, as follows:

*Resolved by the House of Representatives (the Senate concurring), That the Clerk of the House is hereby authorized and directed in the enrollment of the bill (H. R. 7522) to provide a new civil code for the Canal Zone and to repeal the existing civil code, to omit Senate amendments numbered 15 to 23, inclusive.*

Mr. WALSH of Montana. This concurrent resolution is merely for the purpose of correcting errors in the enrollment of a bill that passed the other day which was inadvertently misreported. I ask unanimous consent that the Senate concur in the concurrent resolution.

The VICE PRESIDENT. Without objection, the resolution of the House is concurred in.

SAMUEL C. DAVIS

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 1705) for the relief of Samuel C. Davis, which was, on page 1, line 10, after the figures "1930," to insert a colon and the following proviso:

*Provided, That no part of the amount appropriated in this act in excess of 10 per cent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 per cent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.*

Mr. WALSH of Massachusetts. I move that the House amendment be concurred in by the Senate.

The motion was agreed to.

#### BRIDGE ACROSS THE SAVANNAH RIVER NEAR LINCOLNTON, GA.

Mr. VANDENBERG. From the Committee on Commerce I report back favorably, without amendment, the bill (S. 5659) authorizing the State of Georgia to construct, maintain, and operate a toll bridge across the Savannah River at or near Lincolnton, Ga., and call it to the attention of the Senator from Georgia [Mr. GEORGE].

The VICE PRESIDENT. Without objection, the report will be received.

Mr. GEORGE. Mr. President, I ask unanimous consent for the immediate consideration of the bill.

The Senate, by unanimous consent, proceeded to consider the bill, which was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc., That in order to promote interstate commerce, improve the postal service, and provide for military and other purposes, the State of Georgia be, and is hereby, authorized to construct, maintain, and operate a bridge and approaches thereto across the Savannah River, at a point suitable to the interests of navigation, at or near Lincolnton, Ga., and between Lincolnton, Ga., and McCormick, S. C., in accordance with the provisions of the act entitled "An act to regulate the construc-*

*tion of bridges over navigable waters," approved March 23, 1906, and subject to the conditions and limitations contained in this act.*

SEC. 2. There is hereby conferred upon the State of Georgia all such rights and powers to enter upon lands and to acquire, condemn, occupy, possess, and use real estate and other property needed for the location, construction, maintenance, and operation of such bridge and its approaches as are possessed by railroad corporations for railroad purposes or by bridge corporations for bridge purposes in the State in which such real estate or other property is situated, upon making just compensation therefor, to be ascertained and paid according to the laws of such State, and the proceedings therefor shall be the same as in the condemnation or expropriation of property for public purposes in such State.

SEC. 3. The said State of Georgia is hereby authorized to fix and charge tolls for transit over such bridge, and the rates of toll so fixed shall be the legal rates until changed by the Secretary of War under the authority contained in the act of March 23, 1906.

SEC. 4. In fixing the rates of toll to be charged for the use of such bridge the same shall be so adjusted as to provide a fund sufficient to pay for the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to amortize the cost of such bridge and its approaches, including reasonable interest and financing cost, as soon as possible, under reasonable charges, but within a period of not to exceed 20 years from the completion thereof. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls, or the rates of toll shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management. An accurate record of the cost of the bridge and its approaches, the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected shall be kept and shall be available for the information of all persons interested.

SEC. 5. The right to alter, amend, or repeal this act is hereby expressly reserved.

#### REPEAL OF THE EIGHTEENTH AMENDMENT

Mr. TYDINGS. Mr. President, I ask unanimous consent to have printed in the RECORD at this point a short editorial appearing in to-day's Washington (D. C.) News, entitled "Repeal."

The VICE PRESIDENT. Without objection, it is so ordered.

The editorial is as follows:

[From the Washington Daily News, Friday, February 17, 1933]

#### REPEAL

Thirteen years of good intentions gone wrong—and now relief is in sight. When the Senate yesterday voted for prohibition repeal, 63 to 23, it prepared the last rites for the no longer noble experiment. The American voters gave their mandate last November. The Senate has merely registered the popular will. That the House of Representatives will follow the Senate, and that the necessary State conventions will ratify repeal, seems certain—unless tricky politics delays.

We Americans learn slowly, but we learn.

We have learned that prohibition is the reverse of temperance. We have learned that morality can not be legislated, that speak-easies are worse than saloons, that a government which invades the liberties of citizens degrades itself in lawlessness.

Prohibition is not being abolished by drunkards but by patriots. No repeal is needed to get a drink, or too many drinks. Repeal is essential to restore respect for law, to take profit out of wholesale crime, to turn the Federal Government back to its rightful tasks and restore its legitimate revenues, to save ourselves from snoopery and hypocrisy, and to teach our children that there is no evil in beverage or food except intemperance.

Repeal will help. We need not be naïve enough to think it will solve the liquor problem. We were never a temperate people in anything.

But, with national prohibition out of the way, we can at least start to face the continuing problem of liquor control honestly and intelligently.

#### NOTICE OF MOTION TO SUSPEND RULE XVI

Mr. HAYDEN. Mr. President, I offer for printing in the RECORD a notice in writing of my intention to move to suspend paragraph 4 of Rule XVI of the standing rules of the Senate for the purpose of proposing an amendment to the legislative appropriation bill.

The VICE PRESIDENT. Without objection, the notice will be printed in the RECORD.

The notice is as follows:

Pursuant to the provisions of Rule XL, I hereby give notice in writing of my intention hereafter to move to suspend paragraph 4 of Rule XVI of the standing rules of the Senate for the purpose of proposing to the bill (H. R. 14562) making appropriation for the legislative branch of the Government for the fiscal year end-



ing June 30, 1934, and for other purposes, an amendment to the legislative pay act of 1929 concerning certain positions and rates of compensation under the jurisdiction of the Secretary and the Sergeant at Arms of the Senate, and particularly at an appropriate place in the bill, the following amendment:

"The provisions of the legislative pay act of 1929 are hereby amended so as to correspond with the changes made by this act in the designations and rates of salary of certain positions in the Senate. This paragraph shall be effective from and after March 15, 1933.

#### REORGANIZATION OF FEDERAL EMPLOYMENT OFFICES

Mr. WAGNER. Mr. President, I ask unanimous consent to print in the RECORD a survey or appraisal of the so-called Doak reorganization of Federal employment offices made under the auspices of the University of Chicago and published in the Survey. This exceptionally thorough investigation justifies the criticism I made of that system and the prediction I made as to what would happen when the appropriation for the Employment Exchange Bureau in the Department of Labor was under consideration. This reorganization followed when the President vetoed the bill introduced by me and passed by Congress providing for a coordinated system of State and Federal employment offices. The report shows that the appointments were made purely upon a political basis and as political rewards, irrespective of the qualifications of this individual for the technical work involved.

The VICE PRESIDENT. Is there objection?

Mr. SMOOT. Mr. President, was not the same report printed in the RECORD a few days ago?

Mr. WAGNER. No; I am sure it was not.

Mr. SMOOT. There was a report similar to this one printed in the RECORD. Is the Senator sure it was not this one?

Mr. WAGNER. I will assure the Senator that it was not this report.

The VICE PRESIDENT. Without objection, it is so ordered.

The report is as follows:

[From Survey Graphic, March, 1933]

INSTEAD OF A SYSTEM!

By Ruth M. Kellogg

More than 2,000,000 men and women were connected with jobs by the United States Employment Service and its cooperating offices last year, according to the annual report of the Secretary of Labor, given out in December. Mr. Doak viewed this as "no mean accomplishment in these times of reduced work opportunities." On the surface it would seem that such a showing is matter for congratulation; but we need to look below the surface.

The so-called Doak reorganization of the Federal employment system was announced after President Hoover's veto of the Wagner bill in March, 1931. That bill, which is again before Congress, outlined a scheme and provided an appropriation for a system of Federal-State or Federal-State-city employment offices. Such a forward step, taken in England in 1909 and in Germany since the war, has repeatedly been urged in this country as essential to any plan for dealing with unemployment in long-range terms. It becomes of even greater importance as we move toward compulsory unemployment insurance, since such measures depend in part on adequate public-placement services.

The Doak plan, we soon learned, was a strictly Federal plan with the entire staff freed of civil-service requirements and with no provision for integration with the established State services. A director was appointed for each State and for the District of Columbia. Statistics were soon available, purporting to show the placements made by the reorganized service and month by month the figures mounted to the impressive total announced for the past fiscal year.

But in spite of this encouraging news, skeptics continued to question the soundness of the United States Employment Service as reorganized by Secretary Doak. One heard that the new offices duplicated existing public agencies, that their location was determined by political consideration, that they were staffed by persons untrained in employment techniques, that supervision was inadequate, that methods of placement and record keeping were careless and ineffective. Their figures were called in question and they were charged with making political capital of the human misery of unemployment. Defenders of the reorganization insisted that an honest and effective job was being done.

The present article brings together facts on the actual working of the scheme gathered in a 12-week field study that took the writer into 16 States between August and November, 1932. An associate gathered first-hand material in the Northwest in September. In addition, a wealth of information from reliable sources in the other States is still accumulating. While in the field we visited the employment offices, talked with staff members, with the State directors and with representatives of State labor departments, organized labor, employers' associations, city governments,

social agencies, the press, and other informed persons. The study, directed by H. A. Millis, Paul Douglas, and B. M. Squires, of the economics faculty of the University of Chicago, was made possible by a grant from the social science research committee of the university. A detailed report of our findings will be published later. The present article attempts to cover only the high spots of our experience and a summary of our conclusions.

The survey was an unbiased effort to determine the strengths and the weaknesses of this attempt to organize the labor market and to give to the employer, the employee, and the community an effective clearing house for workers and for jobs. If our report carries little commendation and less to sustain Mr. Doak's claim of 2,000,000 workers placed, it is because no unbiased observer could fail to be dismayed by the lack of performance, the waste of public money, the inefficiency, even the bad faith, to be found in most of these offices at a time when there is special need for the kind of service the public was led to believe would be supplied.

We must look at the Doak reorganization against the background of the country's brief experience with a Federal employment service. A small beginning was made in the panic year 1907 within the Bureau of Immigration. The job of the bureau vanished with the beginning of the war, and it was decided to convert the immigration offices into employment agencies. A swift expansion of the employment service followed during this period, but when the war ended the hopeful beginnings vanished. Only a skeleton of the Federal service was left, although numerous offices were continued by the States, a few of the salaries for which were paid from Washington. Between 1920 and 1930 the Federal appropriation for employment services was \$200,000 a year, compared to \$5,500,000 for the fiscal year 1918-19. The only employment offices actually operated by the service were the farm-labor offices, originated during the war to recruit and distribute harvest hands. The number of these offices has varied; there were 18 in 1930, 20 early in 1932, but the number recently dropped to 13. In 1930, 23 veterans' employment offices were opened by the United States Employment Service in various parts of the country. Their number was increased to 30 by the end of June, 1932.

In addition to the independent Federal agencies, the United States Employment Service includes the cooperative offices. In these a member of the staff of a local public-employment office is put on the Government's pay roll as a dollar-a-year man (or woman). The United States Employment Service then extends the franking privilege to this office and supplies it with record forms if they are desired. In return, the local office turns over to the Federal service its figures on registration, employers' orders, placements, and so on. This is not a new arrangement, but in the past has been confined quite largely to State or municipal employment offices. Under the Doak reorganization, some of the State directors have made no further use of this cooperative arrangement, while others have extended it widely. In Colorado, for instance, the service includes 14 such offices. Among the organizations now maintaining cooperative services are the Young Women's Christian Association, the local chamber of commerce, the American Legion, the Urban League, and, more recently, relief agencies.

To get a picture of the service under the reorganization, let me begin by describing the offices themselves as I saw them and the personnel with which they are staffed and then consider the actual functioning of the scheme.

To find these officers sometimes called for a Sherlock Holmes procedure. Usually the local telephone directory indicates their location, but occasionally even this fails. Most of the offices occupy rent-free quarters in public buildings, usually the local post office. But after reaching the post office I have gone from a basement entrance to the topmost floor, which sometimes means "elevator to fourth, walk up one," with no sign to guide me to the office I sought. This rent-free location may or may not be convenient to industry or suitable for the work presumed to be done. In Atlanta, Ga., for example, the State director and the Veterans' Bureau staff share a large room on the fifth floor of the post office. The industrial location is satisfactory, but there is no provision for privacy in interviewing, and men and women of all races, trades, and skills are handled in the same room. In Topeka, Kans., the staff of three was found huddled in a room with the income-tax collectors, the limited space crowded with desks. In some places—Omaha, Birmingham, Nashville, for example—an office with an outer and an inner room affords privacy for interviewing when so used.

Personnel is, of course, even more important than physical externals of location and space. In April, 1931, Secretary Doak stated that an effort had been made, and he felt it had been successful, "to obtain experienced, agreeable persons for the new employment service."

John R. Alpine, chosen to head up the service, was formerly international president of the Plumbers and Steamfitters' Union and a vice president of the American Federation of Labor. At the time of his appointment he had been for 10 years connected with an automatic sprinkler company.

When the hearings on the Wagner bill were being held by the Senate Committee on Commerce last March Mr. Alpine was questioned as to the qualifications of the staff selected for the reorganized service. Although the director considered this "a strange question to ask," he finally said:

"The experience of all men whom we have placed is that they have gone through a workaday life all the time and have had all the experiences that come through the schools of adversity . . . they have gone out with practical knowledge of rub-



bing shoulders with the world; they have gone out because of their own knowledge of what it means to be out of work, and not by any theorizing or by means of any knowledge gathered through books or other kind of data. Their knowledge has been practical. They know how to go and get jobs for a man.

He further contended that since his staff was made up of men who had been out of work at times themselves they knew "how they tried to find work for themselves, and they feel qualified to find it for somebody else if it can be found." Clearly Mr. Alpine fails to realize that employment office work calls for specialized training. The fact that Mr. Doak is himself a railroad man undoubtedly accounts for a considerable number of railroad men in staff positions.

At the same time certain logical and happy appointments as State directors were made, notably C. W. Woodman, of Fort Worth, and W. C. Carpenter, of Spokane, among those we saw, both of them with conspicuously successful experience as assistant directors in the farm labor service, positions they still fill in addition to serving as Federal directors for Texas and Washington.

As a rule, two or three persons are attached to each office. The total budget for the last fiscal year, Mr. Doak states, was \$938,780. Until more information is available we can not know just how this money was allocated. The salary scale for the service seems to run about as follows: State director, \$3,000 to \$4,000; manager of a local office, \$2,000; assistant (if there is one), \$1,800; stenographer, \$1,440; subject, of course, to the cuts recently applied to all Federal salaries. The travel allowance for the director, in the few instances where a figure was available, has been between \$45 and \$65 a month. Certainly more funds are required for an adequate employment service, yet even a casual observer must conclude that more could be done with the available money if care and imagination went into the budgeting and spending of it.

In choosing a staff, as well as in its use later, political considerations play a conspicuous part. At the Senate hearings, Mr. Alpine declared, "This employment service . . . has been as free from politics and political influence as it was possible to keep it." Mr. Doak expressed the fear that the Wagner bill would mean State agencies "given over largely to politics." Yet in a certain southern State I was told of a man converted to the Republican Party overnight in order to qualify him as State director in the Federal employment service. One woman lost her job and another was appointed in her stead because the former was known not to "vote right." Staff members in some offices were instructed for whom to work in the pre-election campaign and for whom to vote. Undoubtedly numerous ones took an active part in the presidential campaign, even though it meant being away from their desks for days at a time. I saw Republican campaign buttons and literature in several offices and was even volunteered solemn assurance of the virtues of this party and its candidates. Little wonder that some directors, who entered the service with the hope of doing worth-while employment work have become disillusioned and unhappy. One feels pity rather than condemnation for some of the staff. Yet sympathy and pity are scarcely due the many who take complete advantage of the situation.

Some strange anomalies have appeared in this matter of staff. It has already been pointed out that the State director in Fort Worth, Tex., carries a double responsibility. His office also does a general placement work for men in a city of 163,447. The Federal Government pays the salary of only one other person in this office. (The city provides a third.) However, when an office was established in Abilene, Tex., under the Doak plan, a staff of three was appointed, although this city has less than 25,000 population.

Dallas, a city of 260,475, established an employment office prior to the Doak reorganization. Some time later the State director had one of the women staff members placed on the Federal pay roll. Presently the city decided to discontinue its employment office and transfer this woman to the employment division of the welfare department. The one Federal salary was cut off during the summer. In reply to protests against the loss of this much-needed staff member, Mr. Alpine wrote:

"The Congress did not see fit to provide the employment service with sufficient funds with which to carry on all of our activities for the present fiscal year 1933, which has of necessity meant the closing of many of our employment offices and the dismissal of a considerable number of employees. It is very much regretted that we are unable to continue the aid heretofore extended to Dallas, for we all know that it will mean a real hardship to the unemployed in your city."

There was a very different situation in a certain community in Kentucky, a State not "conceded" by the Republicans. This Kentucky town is near the State line, and most of its wage earners are ordinarily employed across the river in a larger Ohio city. A Federal office was opened in the Kentucky city in January, 1932, with a staff of two. Two more were added in the spring, and all four were still on the pay roll when I was there late in October. The office "economized" by having no telephone and no business sign. The manager refused free publicity, resented having unemployed workers sent to him by local relief agencies, and was often away from his office and frankly padded his reports. It is to the credit of two of the staff that they wanted to do some real work and were unhappy in the existing situation. There were "sufficient funds" to continue this overstuffed, useless office but none to keep on an effective worker in Dallas.

Numerous outside workers or "contact men" were appointed during 1932. Several State directors found themselves supplied with assistants they had not requested and regarding whose appointments they had not been consulted. Thus in one Southern State a certain business man found his own job had suddenly

disappeared in the depression. He was in Washington at the time and got in touch with an eastern Congressman who was indebted to him for a past favor. The position of assistant director in his home State was created for the southerner and he returned to notify the director of his appointment. He held the job for six months, although, as he told me, "I thought it [the employment service] was a joke the whole time I was in and laughed up my sleeve about it, yet it was my bread and butter at the time." In another State the director learned through a newspaper of the appointment of his assistant. The general consensus of opinion seemed to be that the latter's chief occupation was "politics and stirring up trouble."

So far as could be observed, the work in the local communities is not strengthened by the kind of supervision given it by Washington or, except in a few instances, by the State director. In April, 1931, the 40 State directors who had been appointed at that time were called to the Capitol for a general conference as they began their new work. The State directors of Alabama, Mississippi, Florida, Georgia, and North Carolina met once in Atlanta on their own initiative and at their own expense. In some States the employment service is limited to the work done in the office of the State director. If there are other offices in the State, most of the directors make the rounds occasionally, although their travel allowances are meager. The Industrial Employment Information Bulletin, issued from Washington and based on material secured from the State directors, comes out so late that it is of little practical value.

Some of the suggestions from Washington have revealed a woeful lack of understanding of employment principles and technique. Thus a letter sent to State directors and some others on the Federal pay roll urged that the local employment offices cooperate with "individual personal finance companies" on the basis of the latter's "intimate knowledge of large numbers of wage-earners' families in their respective localities, collected in the course of their financial service to customers." Mr. Alpine, who signed the letter, added " . . . it is mutually understood that the cooperation offered by the personal finance companies is directed solely to assistance in securing jobs for unemployed workers." The proposal amazed numerous directors. Mr. Alpine sent out a second letter telling them to use their own judgment in the matter.

One of the chief criticisms of the Doak scheme has been that no apparent attention has been paid to the existence of State or city employment offices or even of other Federal bureaus in the community in which the new offices were located. Last August there were Federal offices, exclusive of farm and veterans' offices, in 96 cities. Twenty-one of the 30 veterans' offices were distributed among the same cities but little or no effort was made to integrate the two services. In some communities the two offices shared quarters, in some they had adjacent rooms, in still others they were at different addresses. In any case, they were run as separate enterprises, a situation bordering on the ridiculous in some instances. Forty-nine of the 96 cities were those in which the State director has his (or her) headquarters. Almost always this office carries on a placement service. In 18 States this was the only general Federal office in the State. Fifty-five of the 96 cities were in States conducting employment services of their own. Previously established State offices were located in 40 of these 55 communities.

If there is any logical basis for this duplication of offices I failed to find it. Iowa, for example, has two State employment offices, each with a staff of two members. In both instances one staff member has for years been paid by the Federal Government. Washington opened two completely separate Federal offices in the same cities. The one in Des Moines is called a veterans' office but it also registers nonservice men and women. The Federal and State offices in Sioux City face one another across the street. In Illinois three offices were opened outside of Chicago, two of them in cities having State offices. The State director insisted that the offices must be combined in some fashion, but his efforts met with only partial success, for the local Congressmen willed otherwise. The offices established in Kansas are in cities having a State service, as is the case in California. The only Federal service in Wisconsin is in Milwaukee, the location of one of the most effective State-city employment centers in the country. Oklahoma City's Federal office was first opened three doors from the State employment office but has since moved to rent-free quarters elsewhere. On orders from Washington, the Ohio State director does placement work in his own office in Columbus. A new office was opened in Toledo. The two men appointed to open a veterans' office in Cincinnati finally took desks in the city-State office, after strenuous objection on the part of local officials to a duplicating office. The veterans' office in Cleveland began its work in 1930. In each of these four Ohio cities there is a State-city employment center, that in Cleveland being one of the outstanding offices in the United States. Requests for Federal offices in Ohio industrial cities not served by city-State agencies have been ignored in Washington. The one Federal office in Georgia is in Atlanta, the only city in the State having a city employment service, a commendable service in itself.

So it has been in State after State. The situation becomes even more ridiculous in the three States in which demonstration employment centers have been established (see Survey Graphic, February, 1933, p. 87); even in Rochester, Philadelphia, Minneapolis, and Duluth Mr. Alpine has seen fit to open offices. Granted that in city after city the State service is inadequate, the opening of duplicate, competitive offices does not improve the situation.



The determining factor in locating a new office in all too many cases seems to be not need or convenience, but politics. The State director's office is usually established in a principal city in the State, though this does not always hold. The first director in Kentucky lived in a small town in the extreme western part of the State. So long as he held the position the office of State director was maintained in this town. When it comes to the question of additional Federal offices within a State I found case after case in which the State director had had no voice in the matter. Instead the decision was made in Washington. The director was then notified and supplied with the names of his new staff members. Here, again, in at least one instance the director obtained his information through a daily paper. Omitting cities large enough to include a congressional district, and hence of necessity the home of a Congressman, we find that a Senator or Representative very frequently lives in the community in which one of the new offices is opened. Toledo, Ohio, where an apparently unnecessary Federal office was located, is the home of Postmaster General Brown. The political significance of the Doak reorganization is admitted even by some of those working under it and taken for granted by many others well qualified to know. As one staff member commented, "They [Washington] say they don't play politics and then they go right ahead and do it." Even Secretary Doak, when referring to a southern director, congratulated himself that there was at least one Republican in that State.

Relations between the "Doak" employment offices and other local services vary from State to State with the experience and attitude of the State director and the staff in local offices. In Jackson, Miss., although the office was until recently classed as a farm-labor agency, the man formerly in charge made his work a real part of the community employment service. The men and women carrying on various types of free employment service in St. Louis have formed themselves into a committee of employment executives, but the staff of the Federal offices was unaware of this group and its activities. The many contacts with employers of which the Federal men told me seemed, for the most part, highly superficial. I gained the impression that they were more concerned with securing information for the Industrial Employment Information Bulletin than with getting genuinely acquainted with the employers' labor needs.

Labor leaders varied in their attitude toward United States employment service. Little respect was felt for it and many were quick to express their condemnation of the "Doak" system as a good deal of a farce. Enthusiasm was as weak as the remark, "Well, if somebody has to be in that office, I'm glad — got it." Friction and bad feeling were encountered repeatedly between the State labor department and the Federal group. In certain instances the head of the former expressed pity for the State director, well realizing that he was not free to organize his own job.

It is hard to evaluate the figures included in the Secretary of Labor's report, especially since only totals are given. Mr. Alpine has stated over the radio that more than three and a third million placements were made between April 1, 1931, and November 1, 1932, and he gives credit to the United States Employment Service for well over half of these. Again, one can not argue with his statement until more facts are known but surely he must have included in his total all of the "directed to employment" figures of the farm-labor division and also the placements of the veterans' offices. In no other way can I square his statement with the facts as I found them. Although confronted repeatedly with the statement, "We aren't allowed to give out any information," I learned of instance after instance in which the placements averaged between 45 and 150 a month. Sometimes they sank to 15 or even 5. One office had made only 166 placements in the preceding 11 months. In another, the director frankly said that his office had made practically none but he didn't believe in sending in fictitious or padded reports.

Less-conscientious staff members have found ingenious ways of increasing their placement totals. In one city it is the custom for the Federal man to call on any firm known to have added a number of workers to its pay roll, obtain the names of these new employees and include them in his placements. Another man asked permission to go over the pay rolls of a number of local firms. When he came upon the name of an employee registered at his office he counted that person as a placement, explaining "He ought to come and tell us anyway." One State director asked that he be supplied with the names and addresses of all men given jobs on Federal highway relief work. These were to be counted as placements because "It's all done with Federal money so why shouldn't the Federal Employment Service get the credit?" In another State there are several instances in which the Federal office included among its placements the total pay roll working on a certain project though it had probably had no contact with these men. The director with some one nominally on his staff on a dollar-a-year basis in a relief organization handling made-work has an excellent chance to swell his totals. During the American Legion drive for jobs in the spring of 1932 it was customary to appoint a veteran on this cooperative basis. The drive totals, themselves highly inflated in some instances, added substantially to the Federal figures.

The records of the Federal employment offices are a poor index of community-employment conditions. Only a small percentage of the jobless workers of any city ordinarily register at the United States employment office. Theoretically the offices separate their registrations into "active" and "inactive" applications, but as a rule the files are not brought up to date oftener than twice a year. Some Federal men frankly stated that their files had never been cleared of "dead timber." No reasonable person expects an em-

ployment office to show a large percentage of its applicants placed, nor an impressive total of permanent connections in a period of depression. But in view of the practices followed in the Federal offices, their figures on registration and placements, particularly attempts to compare one office with another or give cost per placement, become utterly meaningless.

As I made the rounds of the "reorganized" offices I found numerous people, myself included, questioning the future of the Doak plan. Some freely labeled it a farce and a subterfuge intended to sidetrack the enactment of the Wagner bill. Even some of the staff expected their services to be discontinued "after election." On July 1, 1932, lack of finances closed numerous offices which had been opened only the preceding February, yet limited finances do not wholly explain the offices discontinued and the staffs cut down toward the end of 1932. Evidence piles up showing that the Federal Government is cutting off the Federal salaries of persons who have for years been a part of the staff in State employment offices, this in spite of vigorous protest and while there are still many Federal offices duplicating other services. Thus in New York State Federal offices have been continued in Rochester and Elmira, where there are State employment centers, but closed in Schenectady and Auburn, where there are none.

Clearly, with adequate supervision and increased funds the service could be made more effective than it has been so far. In States conducting no employment service of their own a strictly Federal service might fill a useful place, though even in these States there would remain the problem of relating such a service to established municipal employment offices. Certain defects stand out in the Doak scheme: There is no provision for real integration with State employment offices; a staff freed of civil-service requirements very easily becomes a part of the spoils system; no provision is made for advisory committees, either national or local. Repeatedly I saw in States that would welcome a genuinely cooperative plan, including a pooling of funds and experience, a strong resentment against the present set-up.

Even if the staff should later be placed under civil service, with able advisory committees formed and utilized, our survey convinces us that the Doak plan is unlikely to lead to an adequate public employment service in this country. Granting that better leadership would eliminate duplicating offices, the scheme would still leave a dual system in State after State. To avoid this it would be necessary to limit the Federal set-up to States having no employment services of their own. The result would be further diffusion of effort, instead of a coordinated, nation-wide service.

The Doak plan, now in its second year, has served not only to make clear the points at which its administration falls short but the weakness of the plan itself. Its basic defects are met by the system that would replace it if the Wagner bill were enacted into law. That bill provides for Federal civil-service employees and for properly constituted advisory committees. And it rests not on a rigid Federal set-up but on national support for a flexible organization established and administered by the States and by local communities to meet our need for an adequate and honest public employment service.

#### SALE OF LAND IN HARFORD COUNTY, MD.

The PRESIDENT pro tempore laid before the Senate the amendments of the House of Representatives to the bill (S. 567) to authorize the Secretary of War to sell to the Philadelphia, Baltimore & Washington Railroad Co. certain tracts of land situate in the county of Harford and State of Maryland, which were, on page 2, line 15, after "Company," to insert "and that the said railroad company shall replace any and all fences, and any other improvements on said property without expense to the Government," and on page 2, line 18, after "thereof," to insert "and not less, in any event, than the sum of \$3,759."

Mr. GOLDSBOROUGH. I move concurrence in the House amendments.

The motion was agreed to.

#### THE 5-DAY WEEK AND 6-HOUR DAY

Mr. BLACK. Mr. President, I desire to discuss at this time a bill which I have introduced to prohibit the use of interstate commerce for the transportation of goods manufactured or mined in establishments where employees work longer than five days per week and six hours per day.

Mr. BORAH. Mr. President, is the Senator going to discuss the legal phase of the measure?

Mr. BLACK. Not this morning.

It is my sincere belief that the prompt enactment of this measure into law would bring about the quick employment of millions of jobless Americans and at the same time actually benefit legitimate industry and languishing agriculture. The bill is not offered as a cure for all our economic ills but as a major part of an imperatively necessary program for national readjustment and recovery.

There are, of course, other pressing problems of vital importance. Without attempting to enumerate all of them,



but on account of their fundamental nature, might be mentioned farm-mortgage indebtedness and, indeed, all kinds and forms of our crushing load of debts, low farm commodity prices, the unstable and shifting value of our dollar, and our lost foreign trade.

To-day, however, I wish to present this one measure, relating directly to the one subject of hours of labor in industry, and attempt to show that it has an indirect bearing upon all other phases of trade and commerce, and indeed is a subject that can not and must not be ignored in any comprehensive plan to restore normal business activities and bring about that economic justice upon which the domestic tranquility of our people depends.

Since January 5, a subcommittee of the Senate Judiciary Committee has held hearings on this bill. Those hearings have been completed, and I am so thoroughly convinced of the justice of the bill, as well as the urgent necessity for its passage, that I shall seek to secure action from this body as soon as possible.

In the meantime, I think it fitting and appropriate, that I state to the Senate the reasons upon which it rests, and review to a limited extent the evidence before the committee.

Numerous witnesses have appeared before the subcommittee. These have been voluntary witnesses, and the overwhelming majority have favored it.

Appearing for it have been manufacturers, representatives of organized labor, engineers, economists, social workers, lawyers, merchants, farm representatives, and others. It has been most significant that some of the manufacturers have represented business enterprises which are the largest of their kind in the world. Representatives of factories and enterprises have favored it from almost every kind and class of business. These representatives have represented industries employing hundreds of thousands of men and women. Lawyers, who have appeared to argue against the measure on legal grounds, have expressed themselves in unqualified terms as favoring the objective of a shorter work week and shorter work day. Others have appeared to oppose national legislation, but strongly favor State legislation for the same purpose.

There have been some significant facts in connection with the few who expressed themselves against it.

One witness testified against it who is a communist, and who said that "the capitalist system will only be overturned by force," and that he favored overturning it. His testimony clearly disclosed his desire to destroy our present form of government, and his fear that measures like this providing work for the people would delay what he called "the crisis" and would prolong a government he wanted to see destroyed by force.

The attorney for the National Manufacturers' Association also testified against the measure. Both the attorney for this manufacturers' association and the communist who testified against the bill professed sympathy with the objective of shortening hours of labor.

Apparently, however, the communist opposed the measure chiefly because he believed our system to be so inherently bad that he did not want a measure of this kind to allay existing and growing discontent. The attorney for the manufacturers, on the other hand, is not willing to have a desirable objective obtained by law.

It is my belief that this measure should be speedily enacted into law. Among other important effects, the evidence before our committee indicates it would have the following results:

First. The adoption of the 5-day week and 6-hour day would bring about the employment of approximately six and one-half million of our present army of jobless and despairing citizens within a comparatively short period of time.

Second. It would aid the farmers and business enterprises of the Nation by greatly increasing the aggregate purchasing power of the people.

Third. The absorption of the vast number of unemployed in useful labor would aid in the reestablishment of confi-

dence and would be a long step toward a restoration of normal business conditions and would aid in relieving the widespread misery and distress abroad throughout the land.

It is my belief that American industry working its employees five days a week and six hours per day, can produce all that is needed in times of prosperity to satisfy the demands of both our foreign and domestic commerce. The marvelous advances in machinery and efficient mass production support this statement. It is difficult to understand how any thinking person can deny this development who has given proper weight to the evidence around him and the facts available to all who seek reliable information. The fallacy of the economic dogma that the niggardliness of nature and the insatiability of human wants justify long hours in order to produce a limitless supply of ever-increasing commodities, has been exposed and disproven by the inventive genius of man. Dogmatic assertions of economic laws that can not survive the test of workability are not sound.

New principles recognize the lavish generosity of nature. The problem in our complex age is one of satisfying human wants through a proper system of distribution. That is our task to-day.

In connection with this bill I would invite the attention of Senators, particularly those on the other side of the aisle, to the words of Abraham Lincoln. He said long ago:

So long as there is a man willing to work, but unable to find employment, the hours of labor are too long.

It is also proper at this time to call attention to one sentence in the acceptance speech of President-elect Roosevelt. In discussing unemployment and public works, he said:

So as to spread the points of all kinds as widely as possible, we must take definite steps to shorten the working day and the working week.

Many statements from men in business and public life might be quoted to strengthen these principles. Let us, however, review some of the evidence before our committee.

#### INCREASED PRODUCTIVITY

Let us take up first the question of increased productivity. I shall give only a few illustrations.

An example of increased productivity is found in the rubber business. The Department of Labor bulletin of December, 1932, shows this in the following language:

Mr. BLACK. Man-hour output in the manufacture of pneumatic tires—that is one of the industries in which some of them have gone on a 5-day week—it has increased 86 per cent since 1928, 172 per cent since 1922, 581 per cent since 1914 as the result of technological circumstances, according to a study by the Bureau of Labor Statistics.

The displacement of men in railroad business is shown by the following evidence of Mr. Lovell:

The records of the Interstate Commerce Commission disclose that from the year 1919 to 1929, a 10-year period, during which the railroads of this country did the greatest volume of business, perhaps made the greatest earnings of any similar period in their history, 350,000 railroad employees were eliminated from the service, not in a business depression but when this country was booming in business. That reduction came about by bigger engines, more efficient engines, bigger cars, heavier bridges, heavier track, more efficient operation.

Mr. Austin T. Levy, of Harrisville, R. I., testified at length before the committee. He operates a number of woolen mills in Rhode Island, Connecticut, and Virginia, representing a capital investment of \$3,500,000. He gave some interesting evidence on technological advance and displacement of labor. He said in part as follows:

I must plead guilty myself to being as great an offender in that respect as there is in the wool textile industry. Our factory has undergone as great changes technologically as any in our industry, which means merely another way of saying that we have displaced workers. \* \* \* They have not been absorbed, and they can not be absorbed.

The same is going on in all lines of business.

Mr. William Green, president of the American Federation of Labor, who has made a careful and close study of the technological changes, testified as follows:



Industry has become so highly mechanized that it is utterly and absolutely impossible to provide work opportunities or to provide work at the old standards of hours, work week, and work day. So that we are face to face with the inevitable fact that adjustments must be made in the working period and working time, or we must settle down and prepare to accept an economic condition which will create and establish and maintain a permanent standing army of unemployed.

An interesting illustration of labor displacement in drilling oil wells was given by Mr. T. S. Hogan, of Midland, Tex. He said:

In the past 30 years I have been in the oil business. I have drilled oil wells from the Canadian border to Mexico in many of our States of the United States—New Mexico, Texas, Arizona, Idaho, and many others. When I started in the business we considered a good job if we drilled a well 3,000 feet deep in one year. In the east Texas field in Texas, the largest oil field ever discovered, comprising 110,000 acres of producing oil land, there are contractors there who have drilled—one company I know of—eight wells in succession, 3,650 feet deep, each on an average drilling time of 56 hours.

Increased productivity in coal mines was shown by Mr. Philip Murray, vice president of the United Mine Workers of America. He said:

The increased use of machinery is shown by the average tons mined per man per day. This was as follows: In 1890 the average tons produced per man per day were 2.56 tons. In 1900 it was 2.98 tons. In 1910 it was 3.46 tons. In 1920 it was 4 tons. In 1929 the average tons per man per day was 4.85. In 1930 it was 5.06, and in 1931 it was 5.30 tons \* \* \*. The difference between 1890 and 1931 would be, roughly, 100 per cent.

The United Mine Workers feel that with the increased use of machinery, as shown by the above figures of productive efficiency, a reduction in the hours per day is a necessity. The existing misery and distress and unemployment make the present the logical time for granting this needful relief.

Mr. Thomas F. McMahon gave another illustration of technological labor displacement in the woolen industry:

I have here taken the woolen industry first, and I wanted you gentlemen to know that it came from one who has spent a lifetime as a foreman in a woolen mill, and he finds that in 1900 a weaver who operated one loom, which was a customary thing at that particular time, 32 years ago, with the speed of the loom 80 picks motion, 90 threads a minute through the shuttle, 60-hour week, could weave a maximum yardage per week of 250 yards. In 1932 the weaver is operating 120 picks, or 30 picks more per minute, a 54-hour week, producing 2,400 yards.

The Washington Daily News of February 13, 1932, contained the following news item:

The Knitwear Industrial Exposition opened in New York to-day. On exhibition is a knitting machine that does the work of 300 persons knitting by hand. One operator can run four such machines, thus the machine enables one man to do the work of 1,200. The machine produces 50 square yards of knitted fabric an hour.

Mr. Levy, a worsted manufacturer, gave the committee an interesting side light on the subject of wages as related to technological advances. He said:

In 1912 a weaver working 60 hours a week earned \$15, if he was a good weaver, or 25 cents an hour. In 1933—and I hope the Black bill will be operative during the year 1933—a weaver working under its provisions only 30 hours a week and earning as much, we will say, as \$30, or \$1 an hour, will produce a yard of similar cloth at 57 per cent less than the cost of producing it in 1912 at 25 cents an hour. In other words, the technological advance has accomplished something which should redound not only to the benefit of the consumer but also to the benefit of the man who produces the thing that is sold.

The CHAIRMAN. This comes about, I presume, because of the new improvements in machinery.

Mr. LEVY. Because the man runs more machines and the machines run at a higher speed, are operated with a greater percentage of efficiency—a combination of those three factors.

Mr. COSTIGAN. Mr. President—

The PRESIDING OFFICER (Mr. Fess in the chair). Does the Senator from Alabama yield to the Senator from Colorado?

Mr. BLACK. I yield.

Mr. COSTIGAN. I have been out of the Chamber during a portion of the interesting and instructive address of the able Senator from Alabama. Perhaps he has discussed the question I desire to propound. It is, What will be the effect on the wages of individual workers if the Senator's bill should be passed?

Mr. BLACK. I have not discussed that question, but I am going to give a review of the testimony on that subject be-

fore the committee from the various witnesses. It is a very pertinent question; and I am very frank to state to the Senator that if this bill did not increase the aggregate purchasing power of the people who work it would fail of its purpose.

Let me next take up, very briefly, the question of hours of work to-day. We have heard a great deal about the share-the-work movement, and the impression has been left that people are not working long hours to-day. The exact contrary is true. That has been disclosed by the evidence of manufacturers and laboring people. As a matter of fact, the hours have greatly increased since the depression began.

Even since the depression began hours of labor in industry have increased while wages have decreased. This is true in spite of the effort to put the share-the-work plan into effect.

In the cotton textiles, in 1932, the 55-hour week still predominated. Some mills worked 60 hours, and some as high as 76 hours per week. Many mills worked 11, 12, and 13 hours per night.

Woolen mills worked 50 hours to 67½ hours per week, and some worked 13 hours per night.

Sawmills had an average standard of 56 hours.

Silk and rayon mills still work 10 hours per day, and practically all work a 10-hour night. Many work 12 and 13 hour shifts at night.

Mr. Max Baker, a silk manufacturer and secretary of the Silk Manufacturers' Association of Paterson, N. J., who is on the manufacturing side of the question, in testifying for the 30-hour bill, gave the following surprising evidence:

I speak to you also for the manufacturers of Paterson, who are working anywhere from 18 hours a day themselves. We have mills in Paterson where employees are working 17 hours a day on one shift, and it is not uncommon for people to work 12 and 14 hours. The average hours to-day in Paterson are about 55 hours per week. Wages have come down terribly. The leaders of our industry admit it.

With reference to working hours since the depression began, Mr. Baker testified that the hours of labor per day had increased since the depression 20 to 25 per cent, and that wages have decreased.

Speaking for the bill, Mr. Baker said:

From conversation with men in our industry, large and small, it is an impossibility for our industry to put its house in order by itself.

He said the manufacturers were helpless to reach an agreement and reduce hours in that way.

Mr. Joseph Haines, jr., of Philadelphia, president of the Full-Fashioned Hosiery Co., testified that since the depression wages have gone down 50 per cent, and working hours per day have increased. He favors a law providing for a shorter working week.

Mr. Emil Rieve, president of the American Full-Fashioned Hosiery Works, of Philadelphia, testified on this subject as follows:

Senator BLACK. The average is what now?

Mr. RIEVE. About \$16.50 per week.

Senator BLACK. What was it in 1928?

Mr. RIEVE. In 1928 it was around \$32.

Senator BLACK. And it is \$16.50 now?

Mr. RIEVE. Approximately half.

Senator BLACK. And are the people working longer hours per day?

Mr. RIEVE. On the average I will say they are working longer hours per day.

Mr. Isadore Teitelbaum, appearing as the representative of the National Furniture Manufacturers' Association, in favor of the shorter work week and day, testified as follows:

Senator BLACK. Have they increased the hours of labor during the depression?

Mr. TEITELBAUM. No question about it.

Senator BLACK. What would you say the average has been, the average increase in hours per day, since the depression began?

Mr. TEITELBAUM. A minimum of two hours.

The CHAIRMAN. The pay has not been increased in proportion?

Mr. TEITELBAUM. The pay has decreased. There is no question about that.

Now let us consider for a moment what would be the effect of the 30-hour week and 6-hour day on unemployment, because that is one of the most material points to-day.



Let us take first the testimony of Mr. William Green, who has investigated the subject with great care.

Mr. William Green testified as to the effect of the application of the 6-hour day and 30-hour week as follows:

If work hours could be universally shortened to 30 per week in industry and government, excluding agriculture, 6,500,000 jobs could be created for those now out of work. More than 11,000,000 are now unemployed. With the constant increase in technological improvements and labor-saving machinery, it seems unlikely that more than a few million of these unemployed can be taken back to work in the next few years, even when business improves. For improvement must come slowly and technological development will continue. Therefore, the reemployment of at least 6,500,000 by shortening work hours to 30 per week is an essential basic adjustment for our future progress. That is an inescapable fact. We can not sidetrack it and remove it. We can not go around it. It is standing there.

Senator WALSH of Montana. If business activities are resumed and reached a normal basis, by reason of the improvement in methods and the introduction of new and improved machinery, together with the further utilization of power, we would still have some 4,000,000 unemployed.

Mr. GREEN. Yes; I think the figures would be in excess of that, Senator.

Senator WALSH of Montana. That is to say, the work could be done with 4,000,000 men left.

Mr. GREEN. Yes, sir.

Mr. Herman Chopak, of the Chopak Textile Co., of New York, testifying in favor of the bill, gave the following facts from his practical knowledge as to the effect on employment of the 5-day week and 6-hour day. He said:

The principal reason why the bill should be adopted is that it will create more employment. To accomplish the same amount of work it will naturally require the employment of a greater number of people at 30 hours per week than it does at the present time, when the working week ranges from approximately 40 to 44 hours per week. It is a known fact that years ago it was not unusual for the average worker to work 60 to 72 hours a week. This was changed due to the fact that machinery at that time started to make inroads into man power to such an extent that it was necessary to curtail the working week to its present basis of approximately 40 to 54 hours. Privilege of working longer hours with other help should be considered satisfactory.

We have again reached the turning point where we must once more curtail the working week, this time to a 30-hour basis.

As an example I can give you my own business, with which I am, of course, best acquainted. We employ approximately a hundred people in the distributing end of our business. They work about 44 hours weekly. If the law became effective limiting the working week to 30 hours, in order to accomplish the same amount of work necessary we would require approximately 20 to 25 additional people in our distributing department.

In the manufacturing end of our business we employ directly and indirectly approximately 3,000 people. At the present time they are working from 48 to 50 hours weekly. In order to turn out the same amount of yardage it will be necessary on a 30-hour basis for us to employ at least 750 more people.

These figures, which I offer as an example, can readily give you an idea of the thousands of factories in this and other industries that would have to do likewise, with the consequent employment of millions of now unemployed.

I shall not go at further length into the question of the effect in so far as reemployment is concerned.

Now, reaching the subject suggested by the Senator from Colorado [Mr. COSTIGAN] as to the effect of this bill on wages, I will state that I have not attempted to gather all of the statements that have been made before the committee on this subject, but enough to give a general idea as to the thought of those who have testified in favor of the bill, all of whom favor holding the wage standard high. On this question let me first quote from Mr. William Green.

Mr. Green was asked the following questions, and the following answers were given:

If this shorter work week and shorter work day was brought about by law, which it is apparent now is about the only way it can be brought about universally, would it not be more difficult for the employers to reduce the wages in proportion than it is when they share the work according to the plans that have been adopted by the country?

Mr. GREEN. Yes. We would be able to maintain the wage standards better through the universal application of the shorter work day and the shorter work week. Then we can be putting it into effect, not in an isolated but in a progressive way. The competitive evil of it would be largely eliminated through the universal application.

Senator BLACK. In other words, one employer would not have an advantage over another employer.

Mr. GREEN. No, sir.

Mr. Levy, a Rhode Island textile mill president, whose evidence I commend to those who are interested in this subject, made the following comment on wages:

Mr. LEVY. If this bill resulted merely in a reduction of hours and a commensurate reduction in wages, I should oppose it. This bill is valuable only if the hours are reduced and the compensation either remains where it is or is increased. I think logically it will follow if we find complete employment for our people, that wages must be paid that have some relation to the cost of living.

Mr. D. C. Henny, of Portland, Oreg., who is vice president of the American Society of Engineers and a member of the committee on production, distribution, and consumption of the American Engineering Council, who testified in favor of the bill, said as follows on this subject:

Mr. HENNY. I am trying to get at that point now. When there is a scarcity of labor, of course, labor will get a higher rate, which is to the advantage of labor. Labor then gets equal bargaining power with industry and capital. Competition will come about, and I agree with you if such a measure as this did not bring about better pay and higher consumptive power I would not be here, but I feel it is bound to do that.

Mr. T. S. Hogan, of Midland, Tex., who was formerly the secretary of state of Montana, testified in favor of the bill. An interesting colloquy occurred concerning the effect of this bill on wages. It was as follows:

The CHAIRMAN. Let me ask you a question. From your own experience and observation in Montana, when you were a member of the legislature and passed that 8-hour bill in Montana, did it decrease wages?

Mr. HOGAN. It did not. Not at all.

The CHAIRMAN. When the bill went into effect were the wages kept at the same for eight hours?

Mr. HOGAN. Yes.

The CHAIRMAN. As they had been for a longer work period?

Mr. HOGAN. Yes. We had in the mines \$3.50 a day for miners and muckers \$3. That was not only maintained under the 8-hour schedule but very soon it was increased to \$4 for miners and \$3.50 for muckers, and none of the dire calamities which the spokesmen of the copper and lead industries predicted actually happened at all. They pointed out to us they could not compete with foreign goods, they could not compete with goods of the other States. The effect of this was the other States adopted the 8-hour system, as it will be in case of the adoption of your bill, Senator BLACK. It will come to be looked upon as orthodox and ordinary, as the 8-hour day is to-day, in a very short length of time. That is my opinion of how it will function.

Now, in response to the question of the Senator from Colorado [Mr. COSTIGAN] I will state that there was much other evidence given on this subject; and it was the unanimous opinion—with the exception, as I recall, of two men who appeared and who opposed the bill, and who favored overturning the Government by force, and one other witness who was the candidate of the Socialist-Labor Party for President in 1932—that it would result in holding up the standard of wages.

Now, let me go for just a moment to the additional cost of production, because we had evidence on that subject also. We hear people say that industry could not maintain itself if hours were shortened. Let us see what manufacturers said about that.

Quoting again from Mr. Levy, who operates woolen mills in Rhode Island, Connecticut, and Virginia, he gave to the committee the estimated increased cost of a suit of clothes if factories worked on a 5-day week and 6-hour day and did not reduce present wages. Here is what he said:

I have been inquiring, Senator NORRIS, as to the objections to the bill. The first that occurs is a problem, and the certain increase in cost in all products, and I have sought to translate that into definite figures as bearing on the particular industry in which I am engaged, namely, the wool textile industry.

My company is engaged in taking raw wool as it comes from the sheep and transforming it into finished fabric, and distributing those finished fabrics to the people who make clothing from them. There are a number of ways of plant operation, and I shall give you the figures that have to do with the most unfavorable transition that would follow with this bill, and that is the change from a single operation of 48 hours per week to a single shift of 30 hours per week.

The additional cost in a suit of clothes for a man would be, as I calculate it, \$1.03, a trifling amount indeed, when all the other factors in this situation are concerned.

Where other transitions are taken into consideration, the additional cost is very much less.



It is interesting to note that the decline in prices since 1929 has been so great due to the facts and circumstances that have been operating, a change which this bill hopes to meet and correct, that after those increases in cost, due to the operation of this bill, we would still have to add 67 per cent to the then increased cost in order to equal the existing prices in 1929.

Mr. President, in view of the fact that some say that industry can not stand the extra expense of a 5-day week and 6-hour day, we might reply by asking whether or not industry and business can stand the crushing burdens under which they rest to-day. Let Mr. Austin Levy answer this, as he did before our committee. I read from his evidence on that subject:

If people ask what is the cost of doing what the Black bill would require, we might well ask what is the cost to the Nation in dollars—let alone the other costs—what is the cost to the Nation of the present unemployment; and if we take as a conservative estimate that there are 10,000,000 people unemployed—the American Federation of Labor says it is almost 12,000,000, and I think we can agree on 10,000,000—I have built up the following calculation. Ten million unemployed at a standard wage of \$5 a day means \$50,000,000, as many more working half time, or a loss of \$2.50 a day, is \$25,000,000. So we have a daily loss of wages on this one count of \$75,000,000, which in a 5-day week becomes \$375,000,000.

We have, going on at the same time, a huge national expense for the relief of unemployment, and if we set that down to the modest sum of \$2.50 a week, 7-day week, it is only 30 cents a day, or a little more, and it becomes \$25,000,000 a week. We have the huge total as the direct cost of unemployment of \$400,000,000 weekly, or \$20,000,000,000 per annum.

Now that, Senator NORRIS, is only the direct cost. We have the indirect losses that follow on that through the loss in security values, through the loss in real-estate values, through the losses in commodity values, through the losses in savings. Our savings banks' losses constituted four million of deposits last year and 7,000,000 bank accounts were closed. We assume that those people used up their last funds when those 7,000,000 closed their savings-bank accounts. We must add, then, the losses in dividends, and the losses in interest, and when you have added all those things together, while the figures are impossible, I believe, to obtain, I believe they represent a far greater sum even than the direct loss of \$20,000,000,000 per annum.

When we point to those figures the whole foreign debt becomes relatively insignificant. The whole export trade of this country becomes relatively unimportant. Here we have a market at our doors of \$20,000,000,000 per annum. Where else in the world could we find such a market? Where else in the world does it exist?

That was the evidence of Mr. Levy in connection with the cost of the bill.

Now, I desire to give some of the striking statements of those who favored this bill and their reasons for so favoring it, and this is the last collection of evidence I obtained from the record.

Mr. Charles S. Rockwell, jr., who is treasurer of the largest plush manufacturing company in the world, operating mills in Rhode Island, Pennsylvania, and North Carolina, testified in favor of the bill. Let us find his reason from his own evidence:

Mr. ROCKWELL. It is rather hard to define why I am here, except that for some time it has been my opinion that we are producing more goods than we can possibly consume. I base my judgment on the period between 1920 and 1930, which I take is the most prosperous period of material prosperity that the United States has ever had.

The textile industry, by the figures of the Department of Commerce and by figures of various of the manufacturing groups, did not work more than 60 per cent of a single 48-hour shift during this 10-year period of American prosperity.

I hope that will be noted, that the textile industry did not work more than 60 per cent of a single 48-hour shift during the 10-year period of American prosperity.

Now, if that amount of time is sufficient to produce all the goods that we can consume in a prosperous period, why, unless we recognize that fact with an attempt to give every person who is normally employed in that industry the opportunity of a job, we have failed to make ourselves any better or nearly as well off as the savage, who can produce what he needs in five hours a week and seems to get along pretty well.

We produce more goods than we can consume, and immediately the price falls, and there is a tremendous urge from the laboring man to the employer to give him work at any price which the employer wishes to pay, and I think it is remarkable in the last three years the employers have not cut wages more than they have. But it will be impossible to continue it much longer without cutting wages, simply trying to give two men where one man

had worked before, along the recent statements of the share-the-work campaign. It simply means a man who is now on the charity list receives a job and takes away from the man who has a job part of his earnings. \* \* \* I am basing my whole opinion on what we knew as a prosperous time, in which 40 per cent of the labor which should be normally employed in that industry was idle. Now, part of that labor was idle all the time and another part might have been idle 20 or 30 per cent of the time. Whether you pass a bill limiting the hours of labor to 30 hours a week or not, as long as the status quo—the volume of goods manufactured—remains the same you are going to have the same amount of idle time. This bill will not affect the total numbers of hours of idle time in the least, and I think it far better that everyone have the right to leisure time and everyone have the opportunity of a job than have 40 per cent of the people idle all the time.

Mr. Herman Aaron, an attorney of New York, representing the National Engineering Society, a number of large interests, and who described himself as a conservative, gave the following interesting reasons for favoring the bill:

I may say here that I am a firm believer in the principle that government regulation or interference of any sort should be avoided excepting when necessary. As a practical observer, however, it seems plain to me that it is hopeless for the competitive world to aspire to an effective limitation of hours of work through voluntary arrangement. To my mind the question, therefore, is, Shall we let our civilization crash through our disinclination to invoke the power of the law, or shall we resort to law to accomplish a vital rule of operation which it is not possible otherwise to create?

I say a vital rule with deliberation. How many of us sit in our easy chairs and smugly contemplate that millions of workers, able and willing to work, must seek in vain for an opportunity in this capitalistic world to earn their living and must see themselves and their families facing either starvation, or what is about as bad, being made objects of charity? No human person should permit such a condition to exist without doing his utmost to remedy it. If it is not remedied, does it take a prophet to foretell what will happen?

As I see no other recourse but a resort to the law, my proposal is that a national law be passed placing a limit upon the hours of labor in industry.

Our economist friends will be apt to deplore the wastefulness involved in the 6-hour suggestion. There is no wastefulness involved in it. The work of 800,000 men at six hours a day is the exact equivalent of the work of 600,000 men at eight hours a day, so that there is just as much wealth produced in the community under the happy system whereby a job is provided for everyone as under the unhappy system where industries are turned topsy-turvy and a large percentage of the community finds itself in distress and facing starvation or charity through no fault of themselves.

If all that is wanted can be made in six hours a day, why insist upon people working eight hours? I repeat, if all that is wanted can be made in six hours a day, why insist upon people working eight hours?

Mr. Max Baker, a silk manufacturer, gave the following reasons for his support of this bill:

My name is Max Baker. I am secretary of the American Raw Thrown Silk Association and secretary of the Silk Manufacturers Association, of Paterson, N. J.

I appear here to-day as a voluntary witness in this matter, representing a family which represents, probably, 3 per cent of the silk textile industry in production, and at the same time representing an organization in the city of Paterson, representing approximately 90 per cent of 531 manufacturers of which the city is made up.

I also appear here for certain manufacturers in the far East district, and also for certain manufacturers in the silk textile industry in the South.

My family has mills in the South, mills in Pennsylvania, mills in Paterson, and mills down East. After a study of this problem for the past two years we have sponsored exactly the legislation which Senator BLACK proposes here.

Our industry is in a chaotic condition. Labor conditions are fierce, and the owners' condition at the same time is fierce. I appear here for the owners of the industry in the city of Paterson, and for my own family and my friends in the industry whom I number amongst the thousands. \* \* \*

From conversation with men in our industry, large and small, it is an impossibility for our industry to put its house in order by itself.

Mr. Hogan, of Midland, Tex., testified with reference to the necessity for the bill.

Mr. WALSH of Massachusetts. Mr. President, will the Senator yield to me?

Mr. BLACK. I yield.

Mr. WALSH of Massachusetts. Has the Senator any statistics showing the number of persons who are on part-time employment in this country at the present time?



Mr. BLACK. We have the figures in the record. I did not gather those statistics for this occasion.

Mr. WAGNER. If the Senator from Massachusetts desires, I think I can give the figures.

Mr. WALSH of Massachusetts. Mr. Lewis, representing the United Mine Workers, stated before a committee this morning that in certain industries the percentage of unemployment equals 40 per cent, and of 60 per cent of the enrolled workers employed a large part are employed on part-time basis. If that is true, the beneficial effect of the legislation which the Senator is advocating, and with which I am sympathetic, would not be so pronounced as we would ordinarily expect.

Mr. BLACK. That would be true were it not for the fact—and the Senator may have gone into it—that while the hours per week have decreased, the hours per day have increased, as I have pointed out from the evidence in the record. This gentleman whom I am quoting now, who is a silk manufacturer, says that they are working 17 hours a day in Paterson, N. J.; that the hours per day have gone up.

Mr. WALSH of Massachusetts. I think that is exceptional. Of course, that should be prevented, and the Senator is absolutely right in condemning it. My observation in my own State is that there are very few people in the industries working full time or extra hours per day.

Mr. BLACK. The Senator is correct in saying that a great many people are working part time, but the disastrous thing about that part-time work—and I have many letters on my desk from people who have been compelled to do this thing—is that instead of reducing the hours per day and the hours per week, they have doubled up the work during the day on those who are toiling, they have increased the night work, and they are now working the employees by the hundreds of thousands 13½ hours per night.

Mr. WALSH of Massachusetts. There is no doubt about the fact that the mad rush to produce commodities cheaply has resulted in breaking down all former standards of labor protection. This very morning Mr. Lewis testified that in most industries collective bargaining in the country, which has been a principle for which labor has fought for a long time, has disappeared as a result of conditions growing out of the depression.

Mr. NORRIS. Mr. President, will the Senator from Alabama yield to me?

Mr. BLACK. I yield.

Mr. NORRIS. For fear there might be a misunderstanding on the part of a person reading the little colloquy which has just taken place, I want to call the attention of the Senator from Alabama to a fact which must not be overlooked, that the evidence before the committee showed is true, just as the Senator from Alabama has said; that employers are working men in the particular industry about which the Senator is now talking as much as 17 hours a day, running all the way from 8 or 9 up to 12 or 15, and even 17 hours. A person might get the idea that they were overcrowded with orders, but the evidence shows the condition is just the reverse. While they work their employees so many hours a day, they probably will be without work after a few days' work or a few weeks' work, for two or three months.

It comes about from the fact that on account of the depression and the fear of investing in something that might go down in price after it is bought, the manufacturing takes place after the orders have been placed. Goods are not made up and put on the shelves, but the man sells his goods, takes his orders, and manufactures afterwards. Then the orders which come in are in the nature of rush orders. The manufacturers are afraid to manufacture and keep a stock on hand because of the condition that now exists. If prices go down, as they have been going all the time, they would not be able to sell, of course. The men are working long hours, yet in the aggregate they are not working enough to support themselves and their families.

Mr. BLACK. The Senator is absolutely correct.

Mr. WALSH of Massachusetts. Mr. President—

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Massachusetts?

Mr. BLACK. I yield.

Mr. WALSH of Massachusetts. In conjunction with what the Senator from Nebraska stated, the situation to which he referred was very pronouncedly shown by what happened to the woolen industry last fall. The clothing makers of the country held back until the very last minute in selecting their woolen fabrics. There was a delay of weeks. Finally, they made their selections and every woolen mill started to work day and night and continued for several weeks. It appeared to be one of the biggest booms the woolen mills had had for a long time. But it soon developed that it was only for a few weeks. The mills all shut down in a few weeks after the delayed seasonal activities.

Mr. BLACK. Mr. Green, who testified before the committee and who took into consideration days on part time, had a study made by statisticians connected with his organization and reached the conclusion that the application of the 5-day week and the 6-hour day would employ six and one-half million more people.

Now let us see what Mr. Hogan, of Midland, Tex., said in favoring the bill. I desire to call attention to it so that the Senate may know the viewpoint of some of the witnesses who appeared before the committee. Mr. Hogan said:

I bring that up here merely for the purpose of impressing on you that the only trouble with your bill is that you are two years too late. During the past two years I have traveled through about 30 of the States of the Union, from the Atlantic to the Pacific and from the Canadian border to the South. I have seen at least eight riots, any one of which, with the vigorous leadership of a man like the gentleman who appeared before you last week, might have resulted in the capture of the city. I try not to be an alarmist, but it is the result of my profound conviction that you have not got even one year in which to adjust the economic conditions of this Nation to divert a full and complete upheaval. Legislation through representative government is on trial, and I want to say that my own judgment on the work of the session, with a few notable and honorable exceptions, is decidedly distressing to one who hopes for progress.

In the farm situation it is already too late to reach them by any farm relief measures; at least it is too late to beat the dispossessed.

Mr. John Edelman, the research director of the American Federation of Full-Fashioned Hosiery Workers, of Philadelphia, testified before the committee. In concluding his testimony the following testimony was given:

Senator BLACK. What importance do you attach to this measure as part of a program to restore business conditions and give employment?

Mr. EDELMAN. I think it is of elementary, primary, and paramount importance.

Senator BLACK. Do you believe conditions can be restored without limiting the hours of labor?

Mr. EDELMAN. Absolutely not. We believe that the present condition of chaos will very rapidly become so serious, unless something of this sort is done, that the measure that would have to be adopted to correct it would be much more drastic than anything now being contemplated.

Mr. Phillip Murray, vice president of the United Mine Workers of America, gave the following statement with reference to the necessity of passing the bill:

The 6-hour day is inevitable. New inventions, new processes, new methods, new machines have been, and are, and in the years to come, will produce an ever-increasing amount of technological unemployment. Hours of labor must be reduced as productivity increases. But although inevitable, the 6-hour day may not be universally adopted for many years unless some mandatory legislation is enacted into law, for the simple reason that no individual employer will voluntarily take action that hampers competition in the complex business world. But action mandatory upon all will be welcomed, and if it can be made effective now, it will exercise a tremendous influence in stabilizing industry and by increasing the consumptive ability of the country will lift us out of the morass in which we are now floundering. \* \* \* If the industrial processes of this country are so highly geared that the requirement and hours of human labor must be reduced, it is obviously better to distribute the resulting leisure among employed citizens than to have a vast number of unemployed even in normal times and millions of jobless men in recurring cycles.

I do not desire to dwell upon this phase of the subject because it is so obvious that it has been already fully discussed. But I do want to call the attention of the committee to one matter,



and that is the disintegration of character during long periods of enforced idleness. During the first few months of unemployment men will zealously hunt for work. They want to keep their economic independence. They do not want to become objects of charity. Consciously or unconsciously they seek to maintain their relations as normal citizens toward society. But the time comes when many of these men become accustomed to charity or in desperation join the ranks of the hobo and the criminal. During a depression such as we have experienced for the last three and one-half years, who can estimate the number of people who have become reconciled to charity, professional pensioners on the public bounty, or professional hobos and criminals? The man who is hungry and who can find no work either revolts against society or adjusts himself to life as a social parasite.

When the individual revolts against society it is a matter of minor importance. Society is organized to protect itself against him, but when millions of our people are driven into this situation it becomes a matter of serious moment. If the individual farmer loses his farm for nonpayment of taxes or default on his mortgage, it may be regarded simply as an incident in our national economy. But when farmers of entire counties and of States see their farms sold under the hammer for unpaid mortgages and tax liens they take the law in their own hands. And desperate as the plight of the farmer is, it has not yet reached the point of hunger.

Mr. Clarence A. Miller, an attorney who appeared in opposition to the bill, basing his objection on constitutional grounds, testified with reference to the desirability of the relief proposed. I call attention to this because it is significant, but in practically every instance even those who appeared against the bill for one reason or another, expressed themselves as favoring the objective at which it is aimed. Mr. Miller was asked:

Senator BLACK. You favor the objective of this bill?

Mr. MILLER. Yes, Senator; I favor the objective of this bill.

Senator BLACK. And you think it should be done in some way?

Mr. MILLER. Yes; in some way. I have been sincerely doubtful as to whether you are proposing to do it in a constitutional way.

\* \* \* I might go further and say in my humble opinion it would be absolutely impossible to accomplish this by individual State regulation, by reason of competitive conditions. In other words, I think you all agree Pennsylvania would not regulate the hours of labor in coal mines unless Ohio, Indiana, and all the competitive States did likewise.

Senator BLACK. It is also evident it can not be done by unanimous agreement of the manufacturers themselves, is it not?

Mr. MILLER. That is also true.

I call attention to the fact that Mr. Miller was appearing as attorney for interests in opposition to the bill. Mr. Miller said further:

I do not believe we will ever have anything approaching a uniform regulation of hours of labor except by a Federal statute, and I believe you will ultimately find it is going to be not only desirable but necessary to get a constitutional amendment to bring that about.

Mr. S. Odenheimer, president of the Lane Cotton Mills, of New Orleans, La., said during the hearing:

It requires now the strong arm of the Government to overcome conditions as they are to-day; not only to-day but conditions as they will be from now on.

We have now more people that require work at long hours than we have occupations. We have to find a way—and have to do that very quickly—to employ everybody that wants to work and employ everybody every week in the year. The reason is plain. First, your main reason, every man under the sun has a right; every man who wants to work should be given the opportunity to work. \* \* \* What will become of the minds of your sons if the condition is they can not get work because the employers keep the labor that they have. If they send them off, they do not employ new ones. What becomes of their minds? Is it not about time we think that we have something to regulate by government because that is the only regulation that amounts to anything? That is so detrimental to American institutions, detrimental to the minds of the people, to our citizens, so there is nothing else for us, as I see it, but to put everybody to work; and don't let us wait until people take the law in their own hands and take what they think belongs to them.

Lest Senators may misunderstand, this was no communist. He is not a man who seeks to overturn the Government. He operates one of the largest cotton mills in the South and one of the oldest in the Union. Since the hearing has been held I have had telegrams from him, one of which arrived this morning, calling attention to the urgent necessity for quick action in order to obtain employment for the people of the Nation. The people are not going to be put back to work by balancing the Budget. I would not underestimate the importance of attempting to balance the Budget; but the people are not going to be put back to work that way. Here is a

man who has been engaged in manufacturing, in the cotton-mill business, for a long period of years, who has sent me telegrams and made statements to me, some of which I would not dare to read into the RECORD, calling attention to the fact that something must be done, and that something must be done without delay.

Now, let us see what Mr. Joseph Haines, jr., of Philadelphia, said. He gave the following reasons for favoring a national law regulating hours of labor:

Senator BLACK. As a manufacturer you favor this national law regulating the hours of labor?

Mr. HAINES. Yes.

Senator BLACK. Why?

Mr. HAINES. Well, I think, as I previously stated, it will inflate wages.

Senator BLACK. You mean inflate wages—it will increase wages?

Mr. HAINES. Yes.

Senator BLACK. All right.

Mr. HAINES. And that it will make for a better hosiery market and a more profitable industry.

There is a man who is president of a string of factories manufacturing hosiery. This gentleman came down here voluntarily. He came in order to plead with the Senate to adopt regulations for shorter hours in industry, one of the only ways possible to bring back a rehabilitation of economic conditions in the United States.

Senator BLACK. You believe, in other words, you have to have purchasers in order to be able to sell?

Mr. HAINES. Exactly. We have to eliminate as equitably as possible our overproduction, to encourage manufacturers to get a fair return on their investment and their efforts, and to divide an additional share of that reward with our employees.

Mr. Frederic Brenckman, appearing as the national representative of the National Grange, in favor of the bill, testified as follows:

While I am not minimizing the disastrous effects to agriculture by the shrinkage of our export trade, the fact is, the farmer lost one-fourth of his home markets because of the lack of purchasing power on the part of the unemployed in our cities and towns, and to my mind that is infinitely worse than the loss of our export trade. Put the unemployed back to work and those who are now in the bread lines or living on short rations, subsisting on as little as possible, will begin to buy ham and eggs, beefsteak and potatoes, vegetables and dairy products, cotton and woolen goods. This will create a demand for farm products which does not now exist. Hand in hand with increased demand will come better prices for the products of our farms. That is what is desperately needed to restore prosperity to our fundamental industry.

Within proper bounds, it is sound policy to engage in the construction of public works in order to take up the slack in periods of depression, but it is manifest that more than that is necessary to meet the existing emergency, which is without parallel in our history. There can be no doubt that the use of labor-saving machinery and the methods of mass production have contributed greatly to bring about the present situation. Even prior to the beginning of the depression, several million people were the victims of technological unemployment. \* \* \*

Nobody in his right senses would want to scrap labor-saving machinery or do away with improved methods of production, but it is manifest that our civilization is going to break down unless we make it possible for every man who is willing and able to work to have a job at which he can earn the necessities of life for himself and his dependents.

Mass production and mass consumption must go hand in hand or trouble is bound to result, just as is the case to-day.

Mr. John P. Frey, who was one of the most interesting witnesses we had before the committee, the secretary-treasurer of the metal-trades department of the American Federation of Labor, gave the following reasons for favoring this bill:

Personally I have always been opposed, up to the present time, to regulating terms of employment through legislation. I have believed that there was enough intelligence, enough of a desire to maintain intelligent conditions, which would lead leaders of industry, when major problems arose, to confer with labor to work out an adjustment of the problem. I have become convinced that is impossible. While there are many employers who heartily believe in sitting down with their employees and endeavoring to work out their problems, there is an influence in the country to-day which makes it impossible for many of the smaller employers and heads of our corporations to sit down in private for the purpose of working out a problem of the distribution of employment, the distribution of wealth in the form of wages.

I have reached the conclusion that the railroads are not free to sit down with the representatives of the railway employees and work out their problems as employer and wage earner. I am convinced that our large manufacturing corporations are no longer



free to sit down with their employees and work out their employment problems.

I have become convinced that the banker has established a position in this country where he determines whether employers will sit down with their employees to work out these problems, and it is because I have reached that conclusion that I believe the only way that we can have any intelligent regulation of employment is through such a measure as the bill that I am now discussing.

Mr. WALSH of Massachusetts. Mr. President—

The PRESIDING OFFICER (Mr. SMITH in the chair). Does the Senator from Alabama yield to the Senator from Massachusetts?

Mr. BLACK. I yield.

Mr. WALSH of Massachusetts. The Senator from Alabama has been very generous in yielding, and I am afraid my question may not pertain to the matter which he is at this moment discussing. However, I should like to inquire of the Senator whether or not his proposal was submitted to the Secretary of Labor for his views?

Mr. BLACK. The Secretary of Labor was invited to come before the committee and testify, but he did not appear before the committee. A letter appears in the record, as I recall, in which it is stated that he was busily engaged in something else and could not appear before the committee.

Mr. NORRIS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Nebraska?

Mr. BLACK. I yield to the Senator.

Mr. NORRIS. Does the Senator have the hearings of the committee before him?

Mr. BLACK. I do not have the printed hearings; they have not all as yet been printed.

Mr. NORRIS. The Secretary of Labor did not write a letter. As chairman of the committee, I wrote a letter to the Secretary of Labor, and I would be glad if we had it here and to have the Senator read it, if he desires to do so.

Mr. BLACK. I will be glad to read it, if the Senator will send for it, because I expect to speak about five minutes more.

Mr. WALSH of Massachusetts. Let me ask the Senator from Nebraska if he received a reply to that letter.

Mr. NORRIS. I received no reply; but I stated—and it is in the hearings—that the Secretary's office, his secretary, called up my office and stated that the letter was received, but the Secretary was too busy; he could not appear before the committee. He did not express any opinion; I received no expression whatever from the Secretary of Labor as to his attitude on the bill.

Mr. WALSH of Massachusetts. May I say to the Senator from Nebraska and the Senator from Alabama that only yesterday, at a meeting of the Committee on Education and Labor, there was under consideration a labor bill in which many people in the building industry are very much interested. Inquiry was made as to whether the Secretary of Labor had expressed his views on the bill. The reply was that he had not. In view of these incidents, I am wondering if the Labor Department of the Government has stopped functioning during this depression.

Mr. BLACK. Mr. President, that is as far as I shall go to-day in a review of the evidence. I do so reluctantly, by reason of my desire to aid in the expedition of the pending legislation. I have taken very little time of the Senate during the present session, and I would not have taken this time on the measure I have discussed had I not believed that it is one of a very few proposals which have been offered striking at the vital and fundamental defects in the operation of our system to-day, which are responsible for the widespread distress.

We are now to take up a bill which will provide assistance to those in hunger and in want and in misery. What will emerge as a result of our consideration of that bill I do not know; but I do know, without deprecating to the slightest extent the desirability of feeding our people, and standing here as one of those who believe in seeing that the people shall be fed, it seems to me bad that we are not taking a more vigorous attitude with reference to legislation that will

attempt to cure the disease. We must, of course, treat the symptoms; that must be done; we can not in this country in the midst of abundance and plenty sit silently by, while people all over the Nation are hungry and cold, and decline to administer to their wants. How important it is, Mr. President, that as we contemplate these conditions we remember that it is an inherent right of every man to claim of his government that in the operation of its affairs man-made law shall not deprive him of the opportunity to earn his daily bread by the sweat of his brow. That is what we have been doing.

There are two or three measures that are absolutely vital for either this session or the special session of Congress to consider in order that there may be some hope given to the people of this Nation. Business leaders have failed. For four years we have waited for that prosperity which was to come around the corner. Some think they can not help; some think they can help, but will not help. Whichever view is correct, the fact remains that since 1929 the number of people hopelessly tramping the highways of this Nation has steadily and with regularity and uniformity mounted higher and higher, until to-day the president of the American Federation of Labor estimates there are 12,000,000 unemployed, and a research bureau in New York gave out figures on Sunday estimating that there were 17,000,000 unemployed.

Mr. KING. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Utah?

Mr. BLACK. I yield.

Mr. KING. I am sure the able Senator, who has been discussing with a good deal of eloquence and some little emotion a very important problem, did not mean to convey the idea that the obligation does not, in part at least, and in great part, rest upon the States, counties, and municipalities to look after the people within their own borders. It seems to me, as I have listened to the Senator, though, the thought would be forced into the minds of most persons who have heard him that the sole obligation rested upon the Federal Government. The Senator is a Democrat and has regard for the States and their obligations and for municipalities and their obligations, and regards the States as sovereign within their sphere; and certainly, with those views, which have been uppermost in his mind for many, many years, he can not contend that the States and their political subdivisions may devolve upon the Federal Government the sole responsibility, because if the Federal Government does assume it, it has to reach back to the States and the people within the States and take from them the taxes, the property, with which to carry on the charitable activities for which the Senator is contending.

Mr. BLACK. Mr. President, I did not mean to leave the impression that the Federal Government should take the sole responsibility for seeing that people do not starve. I do not think it should; I have never thought it should. We built up in this country a system of taking care of the poor in the main by tax-raised money. We have been able, until the past few months, to continue that system. The fact remains, however, that with the present deplorable condition of business, with the insolvency of the farmer, with the bankruptcy of the merchant, with banks toppling all around, we have been compelled to adopt the method of mobilizing our forces all over the land from the East to the West and from the North to the South in order to take care of the people who live under our flag.

There is nothing that would lead me to believe that all the wealth produced in Alabama remains in Alabama; I know it does not. There is nothing that would lead me to believe that all the wealth produced in Utah remains in Utah; I know it does not. I do know that in the city in which I live in Alabama, where thousands of people are being fed, where voluntary contributions were sought in that city, the smallest proportion of contributions made came from business enterprises with their headquarters in distant States, that had been siphoning the wealth created and produced by the



people of Alabama and burying it in holding-company banks, where the manipulators of finance and the barons of trade preside over the destinies of the people of this Nation.

I know further that, as shown by the evidence before the committee, the destinies of the various individual business enterprises are not controlled by the lieutenants who sit at their heads; they are controlled, on the contrary, by the great banking enterprises, few in number, who have monopolized the credit, the money, and the wealth of the people of this Nation, under the control of a few, as shown before the committee, who control, through their interlocking directorships, perhaps 90 per cent of the various industrial activities of this Nation operating in every State in the Union.

So, Mr. President, in so far as I am concerned, I stand on the old principles of government so long as those principles function and those principles operate; I believe in giving the maximum amount of power to the sovereign State which that State can exercise with justice to its people and in the protection of their rights; but to-day business knows no State lines. It stands as indicated by a few giant monopolies, with their tentacles reaching out into every precinct of every county of every State in this Union, determining the destinies of our people. The evidence before the committee shows the utter impossibility and futility of attempting to obtain regulation of hours of labor by State activities or by agreements of the manufacturers. The evidence of manufacturers shows it. The evidence of economists shows it. The evidence of merchants shows it. All show the same thing—that if it is desirable to reduce the hours of labor in industry, there is one and only one power in America strong enough to bring it about, and that is the arm of the Federal Government.

If it be true, as witnesses testifying before our committee believe, that the commerce of this Nation is being infected with goods produced in a way and in a manner which threatens to undermine the very civilization in which we live, which lengthens the bread line, which adds to human misery, which subtracts from the sum total of human happiness, then I say that the Federal Government has the right, the power, and the duty to enact such legislation as will prevent such a catastrophe from occurring.

Mr. SMITH. Mr. President—

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from South Carolina?

Mr. BLACK. I yield to the Senator.

Mr. SMITH. I was interested in the question which the Senator from Utah [Mr. KING] propounded to the Senator from Alabama, to the effect that it ought to be the duty and responsibility of the several States to relieve the condition in which they now find themselves.

That might be true if the States were responsible for bringing about the condition. I desire to ask the Senator if, in his opinion, this condition has not been brought about largely by the Federal laws that are now in force and the use of them by those that have brought about this condition, and therefore if the responsibility is not on the Federal Government to relieve the condition that it allowed to be brought about and was solely responsible for?

Mr. BLACK. I will state to the Senator that in my judgment it has been largely brought about by the Federal laws that are now in force and the Federal laws that are not now in force.

Mr. NORRIS and Mr. THOMAS of Oklahoma addressed the Chair.

The VICE PRESIDENT. Does the Senator from Alabama yield; and if so, to whom?

Mr. BLACK. I yield first to the Senator from Nebraska.

Mr. NORRIS. Mr. President, I should like to make an observation here, with the permission of the Senator. It is suggested mainly by the question of the Senator from Utah. The question did not seem to me to comprehend the bill which the Senator from Alabama is discussing.

This is a bill providing for a 6-hour day and a 5-day week. Nobody contends—so far as I know, nobody has ever suggested—that, assuming it to be desirable to bring about this condition, any State has the power to do it.

It is well recognized that if one State—for instance, in the coal business, the State of Pennsylvania, as suggested by the Senator himself earlier in his remarks—should fix that kind of a day, it would fail absolutely unless Ohio and Kentucky and Tennessee and West Virginia and the other States that were producing coal should fix the same kind of a day. Nobody has contended for a moment before the committee that if we desire to shorten the day and the week there is any power on earth that can do it in this country except the Federal Government.

Mr. BLACK. The Senator is correct.

Mr. THOMAS of Oklahoma. Mr. President—

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Oklahoma?

Mr. BLACK. I do.

Mr. THOMAS of Oklahoma. I am sure the Senator from Alabama is to be commended for this discussion this morning.

A few moments ago he made some comment about our major activities being centered in what might be termed one management, which, in other words, is nothing more nor less than monopoly.

I wish to call the Senator's attention to two or three bills now pending before the Congress and two propositions that are pending before the country. The first is the so-called branch banking bill. Does not the Senator believe that that bill will have a tendency to center the financial resources of the Nation in a few central banks in our large cities?

Mr. BLACK. As to that feature of the bill, I agree with the Senator fully.

Mr. THOMAS of Oklahoma. Has the Senator seen the report of the unofficial commission appointed to make a survey of our railroad situation and their statement that eventually, if their recommendation is carried out, we shall have one railway system for the entire United States? And if that is carried out, is not that another evidence of the tendency to centralize our major activities under one control?

Mr. BLACK. That is correct.

Mr. THOMAS of Oklahoma. May I call the Senator's attention to a news story appearing, I think, in yesterday's Washington Daily News? This news story is by Mr. Ray Tucker. It contains two alleged quotations from two senatorial leaders that I think should be made public at an early date.

One of these is a purported interview with the junior Senator from Virginia [Mr. GLASS], in which Mr. Tucker construes his opinion as follows:

In his opinion, recovery can be hastened by permitting unstable, unnecessary, and inefficient corporations to fail, thereby reducing the burden of debt piled up on an artificial level in the boom years.

The second quotation is Mr. Tucker's interpretation of a statement made by the senior Senator from Pennsylvania [Mr. REED], which Mr. Tucker interprets in his interview as follows:

He thinks the effort to save many corporations and institutions by pouring good money after bad has postponed recovery.

There are two statements, if I may suggest to the Senator from Alabama, which clearly lead to the conclusion that the efforts of some of these big concerns are not to check the downward trend of this depression but to continue it. We have too many banks still that are weak that should fail. We have too many corporations now that should fail. We have too many employed people. We are paying too high salaries. Before we can reach the end of this depression these weak banks must fail; these weak corporations must fail; these employees who are getting unreasonable salaries must be reduced in salary; and even some of the folks who are now upon some pay roll must lose their positions before we can get to the end of this depression.

Does the Senator entertain views along that line?

Mr. BLACK. I do not believe in the liquidation of labor. It is my judgment that there are a number of important things that must be considered in connection with any program. I referred to those, and referred to the instability



and the shifting value of the American dollar as one of them. We must take care of the indebtedness of the people in some way so that they will not be dispossessed of all they have and thrown out at a time when their property is worth so much less than it was before.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield further?

The VICE PRESIDENT. Does the Senator from Alabama further yield to the Senator from Oklahoma?

Mr. BLACK. I yield.

Mr. THOMAS of Oklahoma. Hearings are now in progress before the Finance Committee. Some of the eminent gentlemen who are testifying before that committee are recommending, as a relief measure, that we adjust our indebtedness; that farmers who can not pay their farm mortgages be afforded some opportunity to cut down those mortgages by an adjustment between themselves and their creditors.

Does not the Senator believe that if this program is sound it should extend to the indebtedness of the cities; that if the individual is to have his indebtedness reduced by mutual agreement the cities likewise should have their bonded indebtedness reduced; that the counties should be afforded the same opportunity, likewise the States and even the Federal Government? If we have more bonds outstanding than we can pay—and adjustment, if good for an individual, should be good for the city, good for the State, and even good for the Federal Government.

In other words, is it fair to the people, if we start this program of relief, not to carry it from the top to the bottom, and make the adjustment all up and down the line?

Mr. BLACK. I think the question of the Senator answers itself. Undoubtedly, if relief is granted to one group of people it should be granted to others.

Now, Mr. President, concluding my remarks, I desire to say that nothing except my idea of the paramount importance of this bill would have caused me to speak at this time. The subcommittee, in my judgment, will favorably report this measure to the full committee on next Monday. It is my purpose at that time to attempt to obtain action by the Judiciary Committee. I believe that any program of rehabilitation that eliminates this idea from consideration will fail. Other things must be taken into consideration. The able efforts made by the junior Senator from New York [Mr. WAGNER] in connection with unemployment insurance, and his discussion of the various social activities in which the people or the governments must engage, should and will attract the attention of the Senate and of the country.

Too little of security has been given to the men who toil. As they looked out before them in this system of ours, they could see themselves thrown off and discarded at a comparatively early age. It has been impossible for them to accumulate enough out of their earnings to prepare for those times. Those are subjects that must be considered, and we must arrange in the future some way to give security in the way of employment and income.

Mr. President, this and other measures are but the beginning of an effort to bring about a more equal and exact justice under our system from one who believes in our civilization and believes in perpetuating its existence. Just as certainly as we are here, this is no time for blind leaders, people who can not see conditions, to ignore the inevitable fact that when 12,000,000 people out of our population are out of work, it behooves us to move, and move boldly. We can not stand at a position merely because we have stood there before. We must attempt to move, and to equalize the injustices that have been perpetuated and brought down upon our heads, in my judgment, not by the people of an individual State but by the small group testified to by Mr. Frey in the hearings before this committee.

So, Mr. President, I desire to state with reference to Mr. Frey's evidence that I shall not discuss it now; but it is my hope that in the near future there will be a thorough and searching scrutiny and investigation of the interlocking directorships of the small group that have set themselves up as the financial, economic, and governmental dictators of

this Nation, in order that they may be stripped of their power, which, in my judgment, has been used to crush the average men and women of this country. I might say further that in my judgment that group is more responsible than any other one power in all the land for the condition in which America finds herself to-day, with her people starving in the midst of the greatest abundance the world has ever known.

I want it distinctly understood that this bill was introduced for the purpose of passing. It will be urged at the earliest possible moment; and I hope that when this body does act upon the bill it will enact it, and enact it speedily, because I believe that our civilization is now on trial.

Mr. WALSH of Massachusetts. Mr. President, undoubtedly the Senator from Alabama [Mr. BLACK] has presented some figures showing the extent to which our workers are obliged to work part time during this depression. I have some accurate and definite figures before me that I present for the RECORD at this time.

The city of Worcester is the second largest city in Massachusetts. It has a population of a little under 200,000 people. Its industries are diversified. There are several machine shops, there is a large plant of the American Wire Co., a large loom works, a shoe factory or two, some woolen factories; in fact, there is almost every kind of an industrial plant that is found in the eastern part of our country. As cities go, I should say that Worcester was somewhat more prosperous than the average New England community.

The Worcester Bank & Trust Co. publishes monthly some statistics in a pamphlet called "Business Review of Worcester." They give, among other statistics, the employment figures, and the employment figures show that in October of 1929 the highest point was reached in employment. At that time in 42 city industrial plants there were 22,428 employees, working 4,711,418 hours. The latest available figures are for December, 1932. The employees at that time numbered 15,549. It is to be noted that that is a decrease of approximately 7,000 as against the peak year of 1929. The number of working hours amounted to 2,299,514, as against 4,711,418 working hours in 1929, representing a decrease in the working hours of more than 50 per cent, while the decrease in the number of employees was somewhat less.

Mr. President, turning to the industrial pay roll of the city of Worcester, based on January, 1928—having a pay roll which is fixed, for the purpose of making comparison, at 100 per cent—we find that the pay roll in the city of Worcester in December, 1932, had shrunk to 48.8 per cent as compared with January, 1928. The Worcester general pay-roll index had shrunk from a pay roll for January, 1928, of 100 per cent to 40.2 per cent in January, 1933, a drop of practically 60 per cent in the general pay-roll index of the city of Worcester.

I take the time of the Senate to present these figures because they are accurate, published by an institution which would try, for the sake of retaining confidence in its own institution and promoting business, to make the most favorable report possible. I have observed for some time that these reports all show a steady, constant decline month by month since 1929 in all the indexes reported.

#### LABOR CONDITIONS ON MISSISSIPPI FLOOD-CONTROL PROJECTS

Mr. TOWNSEND. From the Committee to Audit and Control the Contingent Expenses of the Senate I report back favorably, with an amendment, Senate Resolution 300, and I ask unanimous consent for its present consideration.

The VICE PRESIDENT. Let the resolution be reported. The Chief Clerk proceeded to read the resolution (S. Res. 300) submitted by Mr. WAGNER on December 12, 1932.

Mr. ROBINSON of Arkansas. Is it proposed now to take up that resolution?

Mr. TOWNSEND. Yes; I do not think it will lead to discussion.

The VICE PRESIDENT. The Senator from Delaware asked unanimous consent for the present consideration of the resolution.



Mr. ROBINSON of Arkansas. I think the resolution should go over until a better opportunity may be afforded to consider it.

The VICE PRESIDENT. Objection is made, and the resolution goes to the calendar.

#### FEDERAL AID FOR UNEMPLOYMENT RELIEF

The Senate proceeded to consider the bill (S. 5125) to provide for cooperation by the Federal Government with the several States in relieving the hardship and suffering caused by unemployment, and for other purposes, which had been reported from the Committee on Manufactures with an amendment in the nature of a substitute, as follows:

That it is hereby declared to be the policy of the Congress to cooperate more effectively with the several States and Territories and the District of Columbia in furnishing relief to their needy and distressed people and in relieving the hardship resulting from unemployment.

SEC. 2. (a) The Reconstruction Finance Corporation is authorized and directed to make available out of the funds of the corporation not to exceed \$500,000,000 for payments to the States for emergency relief expenditures and for other expenditures authorized under the provisions of this act, upon certification by the Federal Emergency Relief Board created by section 3.

(b) To enable the Reconstruction Finance Corporation to obtain funds for the purposes of this act, the amount of notes, debentures, bonds, or other such obligations which the corporation is authorized and empowered under section 9 of the Reconstruction Finance Corporation act, as amended, to have outstanding at any one time is increased by \$500,000,000.

(c) Ten days after the date upon which a majority of the members of the Federal Emergency Relief Board have qualified and have taken office, no application for funds shall be approved by the Reconstruction Finance Corporation under the provisions of Title I of the emergency relief and construction act of 1932, and the Federal Emergency Relief Board shall have access to all files and records of the Reconstruction Finance Corporation relating to the administration of emergency relief under Title I of such act.

SEC. 3. (a) There is hereby created a Federal Emergency Relief Board (referred to in this act as the "board"), which shall consist of three members to be appointed by the President, by and with the advice and consent of the Senate, two of whom shall be experienced in public welfare and relief administration. The board shall have full power of apportionment and allotment of funds under the provisions of this act. The President shall designate one of the members of the board as its chairman. The members of the board shall receive no compensation for their services, except that they shall be paid a per diem compensation of \$25 for time devoted to the work of the board, and necessary traveling and subsistence expenses, within the limitations prescribed by law for civilian employees in the executive branch of the Government. The board shall cease to exist upon the expiration of two years after the date of the enactment of this act.

(b) The board—

(1) Shall make such rules and regulations as may be necessary to execute the functions vested in it by this act; and

(2) Shall print monthly for public distribution and shall submit to the President and to the Senate and the House of Representatives (or to the Secretary of the Senate and the Clerk of the House of Representatives, if those bodies are not in session) a report of its activities and expenditures. Such reports shall, when submitted, be printed as public documents.

(c) The board may appoint and fix the compensation of an executive officer and such experts and, subject to the provisions of the civil service laws, appoint, and, in accordance with the classification act of 1923, as amended, fix the compensation of such other officers and employees, as are necessary to carry out the provisions of this act; and may make such expenditures (including expenditures for personal services and rent at the seat of government and elsewhere and for printing and binding), not to exceed \$350,000, as are necessary to carry out the provisions of this act. All expenses of the board shall be paid out of the amount made available for that purpose by section 4 (b).

(d) The board may appoint advisory committees to advise and confer with it with respect to the administration of this act. No salary shall be paid to committee members, but when attending meetings of the board they shall be allowed necessary traveling and subsistence expenses, or per diem allowance in lieu thereof, within the limitations prescribed by law for civilian employees in the executive branch of the Government.

SEC. 4. (a) Forty per cent of the amount made available under section 2 (a) of this act shall be apportioned among the States on the basis of population according to the Fifteenth Decennial Census. Payments made in any year out of the amount apportioned to any State on the basis of population shall not be in excess of two-thirds of the amounts appropriated or otherwise made available for such year by the State (or, in the case of the District of Columbia, appropriated by the Congress for use therein), by the civil subdivisions thereof and/or by private contributions from within the State, for emergency relief as defined in section 11 of this act.

(b) The balance of the amount made available under section 2 (a) of this act shall be set aside as a reserve fund for emergency allotments as provided in section 8; except that not to

exceed \$350,000 of such balance may be used for administrative expenses of the board under this act, which shall be paid by the Reconstruction Finance Corporation upon presentation of vouchers approved by the Federal Emergency Relief Board.

(c) The amounts apportioned or allotted to any State under this act shall be available for payment to and expenditure by such State, for the purposes of this act, until the expiration of two years after the date of enactment of this act; except that at the expiration of the fiscal year 1933, if the amount certified prior to the expiration of such year for payment to any State out of amounts apportioned on the basis of population under this act is less than one-half of the total amount apportioned to that State on the basis of population, the difference between the amount so certified and one-half of the total amount apportioned shall be added to the reserve fund provided for in subsection (b) of this section and shall be available for allotment to the several States on the basis of need.

SEC. 5. (a) In order to obtain payments out of the amount made available under section 2 (a) of this act a State, through its governor, shall designate or create an agency to cooperate with the board.

(b) Relief shall be administered within each State under rules and regulations adopted by the State agency.

SEC. 6. Any State desiring to obtain funds under this act shall, by the agency designated or created to cooperate with the board, make application therefor from time to time and submit at such times and for such periods as may be prescribed by the board plans for carrying out the provision of this act within such State. The plans shall include (1) information as to the amounts actually expended for emergency relief by public and private agencies in the State for such periods as the board may prescribe; (2) estimates of the amounts appropriated or otherwise available for emergency relief needs within the State for the period covered by such plan or plans; (3) estimates of amounts necessary to meet the emergency relief needs in the State in the calendar year 1933, and, upon call of the board, in the calendar year 1934; (4) provision for adequate administrative personnel; and (5) provision for securing the benefits contemplated by this act to persons within the State, irrespective of the period of residence within the State. When the board determines that such plans are in conformity with the provisions of this act and reasonably appropriate and adequate to carry out its purposes, they shall be approved by the board, and due notice of such approval shall be given to the State agency.

SEC. 7. Within 10 days after the date upon which a majority of the members of the board have qualified and have taken office, the board shall make the apportionment on the basis of population provided in section 4 (a). After application by any State and approval of its plans as provided in section 6 of this act, the board shall immediately certify to the Reconstruction Finance Corporation the amount to be paid to such State.

SEC. 8. (a) Whenever, from an application presented by a State agency and verified by the board, the board finds that the combined moneys available within the State from all sources, supplemented by any moneys to be paid to the State under section 4 (a), will fall below the estimated needs for emergency relief in any State, the State shall be eligible for an emergency allotment on the basis of need from the reserve fund provided in section 4 (b); but no such allotment shall be made to any State unless the board is satisfied that the State or its political subdivisions have made reasonable efforts within their resources to provide for emergency relief expenditures. The board shall, from time to time, certify the amounts to be paid under this subsection.

(b) The board is authorized to allot to the States not to exceed \$15,000,000 out of the reserve fund, to be used in furnishing relief and in maintaining work and training programs for persons who have no legal claim on the State or the local community for such assistance.

(c) Any State desiring to receive funds under subsection (b) of this section shall submit to the board through its designated relief agency an application which shall set forth, in the manner prescribed by the board, the extent of the need for service to transients, and a detailed plan for administering relief, and for work and training programs, for transients. In considering such application the board shall determine whether sufficient need has been demonstrated, and whether the plans submitted will, if put into effect, actually relieve distress among transients, assist in their rehabilitation, and tend to decrease the transient problem. If the board finds that need has been demonstrated and approves the plan, it shall certify to the Reconstruction Finance Corporation the sum or sums which it approves for payment to the State. For the purpose of this section a transient is a person within the borders of a State who has no legal residence within that State.

SEC. 9. The Reconstruction Finance Corporation shall make payments without delay to the several States in such amounts and at such times as the Federal Emergency Relief Board may certify under sections 7 and 8 of this act, but no payment shall be made pursuant to certificate which has been revoked by the board as provided in section 10.

SEC. 10. Each State agency cooperating with the board under the provisions of this act shall make such reports concerning its operations and expenditures as shall be prescribed or requested by the board. The board may revoke any existing certificate or withhold any further certificate under this act whenever it shall determine, as to any State, that the State agency has not properly expended or supervised the expenditure of moneys paid to it in accordance with the plans approved under this act. Before any



such certificate shall be revoked or withheld from any State the board shall give notice in writing to the State agency stating specifically wherein the State has failed to comply with such plans.

SEC. 11. The term "emergency relief," when used in this act, means relief in the form of money or commodities or services furnished by the State or its civil subdivisions or by private contributions from within the State to persons in their abode or habitation, or for the transient and homeless, or in the form of wages or other compensation for work furnished on the basis of need, but not including old-age pensions under special acts, or public aid under special acts to mothers for the care of dependent children, or relief to veterans under special acts. The decision of the board as to the purpose of any expenditure shall be final.

SEC. 12. This act shall be construed as intending to secure to the several States control of the administration of relief under this act within their respective territorial limits, subject only to the provisions and purposes of this act.

SEC. 13. The term "State" as used in this act shall include the District of Columbia, Alaska, Hawaii, and Puerto Rico, and in the case of the District of Columbia the Commissioners of the District of Columbia shall designate the agency to cooperate with the board.

Mr. WAGNER. Mr. President, I desire to offer an amendment to the pending bill.

The VICE PRESIDENT. The clerk will report the amendment.

The LEGISLATIVE CLERK. On page 12, after line 20, the Senator from New York proposes to insert:

"TITLE I—RELIEF OF DESTITUTION"

On page 21, after line 15, insert:

"TITLE II—AMENDMENTS TO EMERGENCY RELIEF AND CONSTRUCTION ACT OF 1932"

"SEC. 21. Paragraph (1) of subsection (a) of section 201 of the emergency relief and construction act of 1932 is amended to read as follows:

"(1) to make loans to or contracts with States, municipalities, and political subdivisions of States, public agencies of States, of municipalities, and of political subdivisions of States, public corporations, boards and commissions, and public municipal instrumentalities of one or more States, to aid in financing the construction, reconstruction, replacement, extension, or improvement of projects authorized under Federal, State, or municipal law which, in the opinion of the corporation, are needful and in the public interest, such loans or contracts to be made through the purchase of their securities, or otherwise, and for such purpose the Reconstruction Finance Corporation is authorized to bid for such securities: *Provided*, That nothing herein contained shall be construed to prohibit the Reconstruction Finance Corporation, in carrying out the provisions of this paragraph, from purchasing securities having a maturity of more than 10 years."

"SEC. 22. Paragraph (3) of subsection (a) of section 201 of such act is amended to read as follows:

"(3) to make loans to private corporations to aid in carrying out the construction, replacement, or improvement of aircraft suitable for overseas transport and port facilities essential thereto, bridges, tunnels, docks, viaducts, waterworks, canals, and markets, devoted to public use and which are self-liquidating in character and to make loans to private corporations formed wholly for the purpose of developing cooperative community farming and crop marketing to aid in financing projects undertaken by such corporations which are self-liquidating in character."

"SEC. 23. Subsection (a) of section 201 of such act is further amended by striking out '(other than by taxation).'

"SEC. 24. Subsections (c) and (d) of section 201 of such act are amended to read as follows:

"(c) In order that the surpluses of agricultural commodities and livestock (including products manufactured directly therefrom) may not have a depressing effect upon current prices of such commodities and products, the corporation is authorized and directed to make loans, in such amounts as may in its judgment be necessary, for the purpose of financing sales of such surpluses in the markets of foreign countries in which such sales can not be financed in the normal course of commerce; but no such sales shall be financed by the corporation if, in its judgment, such sales will affect adversely the world markets for such commodities and products: *Provided, however*, That no such loan shall be made to finance the sale in the markets of foreign countries of cotton owned by the Federal Farm Board or the Cotton Stabilization Corporation.

"(d) The Reconstruction Finance Corporation is authorized and empowered to make loans to bona fide institutions, organized under the laws of any State or of the United States and having resources adequate for their undertakings, for the purpose of enabling them to finance the carrying and orderly marketing of agricultural commodities and livestock produced in the United States, and the products manufactured directly therefrom."

"SEC. 25. Subsection (f) of section 201 of such act is amended by striking out the period at the end thereof and inserting in lieu thereof a semicolon and the following: 'but in determining the adequacy of security offered by a borrower applying under subsection (a) of this section the board may, in its discretion, accept as adequate security under this section, a lien on, or other satisfactory assurances of the application of, so much of the revenues from the project as may be required to meet interest payments during the period of the loan and assure refunding within a

reasonable period: *Provided further*, That each loan made under paragraphs (1) to (5) of subsection (a) of this section after this subsection, as amended, takes effect, shall bear interest at a rate not exceeding one-half of 1 per cent more than the rate of interest established for the last issue of bonds of the United States preceding the making of such loan.'

"SEC. 26. The second proviso of subsection (g) of section 201 of such act is amended by striking out '(1) or (5)' and inserting in lieu thereof '(1), (2), or (5).'

"SEC. 27. Subsection (h) of section 201 of such act is hereby amended to read as follows:

"(h) The corporation may make loans under this section at any time prior to January 23, 1934: *Provided*, That nothing herein shall prevent the corporation from issuing funds to a borrower prior to January 23, 1939, under the terms of any agreement with the borrower made prior to January 23, 1934."

"SEC. 28. Section 201 of such act is further amended by adding at the end thereof the following new subsection:

"(k) The Reconstruction Finance Corporation is authorized to make available out of the funds of the corporation a sum not exceeding \$5,000,000, which may be used by the corporation for the purpose of enabling and assisting established credit insurance organizations in the United States to provide export credit guaranties upon such terms and conditions as may be agreed upon between the corporation and such credit insurance organizations."

"SEC. 29. Paragraph (1) of subsection (a) of section 301 of such act is amended by striking out 'July 1, 1933' and inserting in lieu thereof 'January 1, 1934.'

Amend the title so as to read:

"A bill to provide for cooperation by the Federal Government with the several States and Territories and the District of Columbia in relieving the hardships and suffering caused by unemployment, to amend the emergency relief and construction act of 1932, and for other purposes."

The VICE PRESIDENT. Without objection, the two amendments will be considered together, the amendment of the title being a separate amendment.

Mr. WAGNER obtained the floor.

Mr. LA FOLLETTE. Mr. President, will the Senator yield to me to suggest the absence of a quorum?

Mr. WAGNER. I yield.

Mr. LA FOLLETTE. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Dickinson	La Follette	Shipstead
Austin	Dill	Lewis	Shortridge
Bailey	Fess	Logan	Smith
Bankhead	Fletcher	McGill	Smoot
Barbour	Frazier	McKellar	Stelwer
Barkley	George	McNary	Stephens
Bingham	Glass	Metcalf	Swanson
Black	Glenn	Moses	Thomas, Idaho
Blaine	Goldsborough	Neely	Thomas, Okla.
Borah	Gore	Norbeck	Townsend
Bratton	Grammer	Norris	Trammell
Brookhart	Harrison	Nye	Tydings
Bulkeley	Hastings	Oddie	Vandenberg
Bulow	Hatfield	Patterson	Wagner
Byrnes	Hayden	Pittman	Walcott
Capper	Hebert	Reed	Walsh, Mass.
Caraway	Hull	Reynolds	Walsh, Mont.
Clark	Johnson	Robinson, Ark.	Watson
Coolidge	Kean	Robinson, Ind.	White
Costigan	Kendrick	Russell	
Couzens	Keyes	Schuyler	
Davis	King	Sheppard	

The VICE PRESIDENT. Eighty-five Senators have answered to their names. A quorum is present.

Mr. WAGNER. Mr. President, before explaining in detail the amendment which I have offered to the pending measure, I should like to submit some observations upon the general situation which confronts us.

Mr. President, I sometimes wonder whether all of us have yet realized the extent and the depth of the present crisis in the lives of the people of the United States; whether we all know that in every large city large numbers of upstanding, sturdy, and splendid men and women are being destroyed by a poverty so grim that the like of it has never been seen in this country. In this day and age of plenty, hundreds and thousands of people in the congested areas of population are living on city refuse like the beasts of the jungle. Homeless, cheerless, hopeless, half starved, and cold, these American families are being crushed into the very earth.

I marvel at the general complacency in the presence of these facts. Can it be that in so short time we have come



to accept such conditions as normal and proper? Are we blind to the demoralization which is in progress to the obliteration of all standards of living for a large portion of our population? Are we unaware that these inhuman conditions are placing the fate of America in jeopardy?

What is the situation with respect to relief? The known facts can be stated simply. The need for the relief of destitution is to-day greater than it has been at any time during the depression, and it is still growing. The rising curve of destitution is graphically illustrated in the chart which I have before me, prepared by the Children's Bureau of the Department of Labor, and appearing in its January, 1933, relief bulletin. That chart, Mr. President, shows only the growth in the amount of money expended for relief; it does not reveal, and we have no means of knowing, the even greater spread of want, dependence, and destitution.

It is not difficult to see why the need for relief should be increasing. Basically, of course, the reason is that unemployment is still spreading.

In his testimony before the subcommittee of the Banking and Currency Committee which held hearings upon my bill, Mr. Edward McGrady, representing the American Federation of Labor, expressed that fundamental fact effectively. He said:

I might call your attention to the fact, Senator, that on the 1st of February you reached the all-time peak of unemployment. You have crossed the 12,000,000 line for the first time, and, as I understand it, that is more unemployed than we have records for in any other country of the world that keeps records, and it is getting worse. \* \* \* In addition, \* \* \* 9,000,000 more are now getting only part-time work.

The full significance of this startling figure is not understood unless it is considered in the light of the long duration of the depression. In the course of four cruel winters private resources have been exhausted, savings-bank accounts have been depleted to the extent of three and one-half billion dollars in a single year, life-insurance policies have been borrowed against to the limit, homes have been abandoned, private possessions sold. No wonder that the case load of relief agencies is to-day growing at a more rapid pace than unemployment itself. Examine the Red Cross figures. They tell a burning story of American tragedy which ought to leave no heart unmoved, no act undone to stop or, at least, to mitigate the ravages of the prevailing distress. According to the report of the Red Cross as of December 31, 1932, 4,750,000 separate families have applied for flour and almost as many for clothing.

It seems to me that on the basis of this evidence there is ample justification for the estimate made by one of the witnesses before the Banking and Currency Committee that "there are no less than 45,000,000 people living in poverty," of which "15,000,000 are existing only with the help of charity, without which they would perish."

These facts and figures offer a challenge to American leadership which has thus far not been met, and I say to those who have continuously resisted and checked every effort to meet it that if they persist they will endanger the very existence of the most cherished American institutions and inflict a blow from which the American people will not fully recover for generations to come.

We are not in a mere business recession. We are not undergoing a so-called depression. We are in a life and death struggle with the forces of social and economic dissolution, and it is our responsibility to throw all the resources of our people and our Government into the fray on the side of humanity to prevent the disintegration which is in progress before our very eyes.

The most immediate objective and the most crucial is to provide adequate relief upon a standard of decency for all those who are in need of assistance. No one whose conscience has been penetrated by the prevailing scene of desolation questions that assertion.

How shall we provide the necessary relief? Private charity has reached the peak of its efforts and has begun to decline. A steadily increasing proportion of relief has come from

governmental sources. Most of the States and municipalities have reached the limit of their capacity and are not likely to increase their commitments for relief, except by diverting sums from normal and essential functions.

If proof of these declarations is necessary, it is readily accessible. Mr. Ralph G. Hurlin testified before the Committee on Manufactures that the community-chest campaign in 150 communities succeeded in raising for 1933 only 77 per cent of the amount collected for 1932. When last we considered relief legislation it was commonly accepted that of the relief money then expended, 30 per cent came from private sources. The January bulletin of the Children's Bureau discloses that the ratio has changed. To-day only 12 per cent has its origin in private contributions, 88 per cent in public funds. There is no explanation for that shift except the obvious fact that whereas the need for relief has been expanding the capacity of private contributors has been declining.

Now we face the further fact that the resources of States and municipalities are no longer capable of meeting the enlarged need. We recognized that fact when Congress passed the emergency relief and construction act. It is far truer to-day. The situation was well summarized by Prof. Sumner Slichter, of Harvard, a very careful investigator. I quote him:

But the ability of the cities (and the counties) to raise funds by taxation is shrinking, because about nine-tenths of their income is derived from the taxation of real estate which, even before the depression, was heavily overtaxed relative to other sources of income. Falling rents and a rising percentage of vacancies are steadily reducing the ability of real estate to bear the burden of relief. All this is reflected in the mounting tax delinquencies. Last year Detroit imposed a levy of \$76,000,000, of which it failed to collect \$18,000,000. Pittsburgh had a levy of \$22,594,000, of which over \$3,000,000 was delinquent. In Cleveland nearly 19 per cent of the county taxes are delinquent and about 50 per cent of the special-assessment taxes. Particularly important is the fact that ability to give relief has diminished most of all in precisely those communities where unemployment is greatest. For a few months relief may be financed by borrowing, but city after city has now reached the point where further borrowing is impossible.

There is but one conclusion that can possibly be drawn from the facts I have so briefly sketched, and that is that the Federal Government must assume a much larger and direct responsibility in meeting the relief and employment obligations of the current emergency.

Before I consider the provisions of the amendment I have presented to the Costigan-La Follette bill, I want to describe briefly what has been done since last July under the terms of the emergency relief and construction act which Congress passed during the closing hours of the last session.

Under title 1 of that act, making advances to the States for the relief of destitution, the Reconstruction Finance Corporation has down to February 8, 1933, authorized advances of \$167,000,000. All but nine States have taken advantage of its provisions. I ask leave to have inserted in the RECORD at this point in my remarks a table showing the amount of advances authorized for the several States.

The PRESIDING OFFICER (Mr. TOWNSEND in the chair). Is there objection? The Chair hears none, and it is so ordered.

*Reconstruction Finance Corporation funds made available to 38 States and 2 Territories under Title 1 to close of business January 31, 1933*

State	To be reimbursed by—		Total
	State	Political subdivisions	
Alabama.....	\$1,656,868.00	.....	\$1,656,868.00
Arizona.....	847,700.00	.....	847,700.00
Arkansas.....	2,899,519.00	.....	2,899,519.00
California.....	2,255,455.00	.....	2,255,455.00
Colorado.....	2,201,048.00	.....	2,201,048.00
Florida.....	2,668,153.00	.....	2,668,153.00
Georgia.....	681,459.22	.....	681,459.22
Idaho.....	649,095.00	.....	649,095.00
Illinois.....	26,241,478.00	\$12,252,000.00	38,493,478.00
Indiana.....	1,775,404.00	.....	1,775,404.00
Iowa.....	87,800.00	.....	87,800.00
Kansas.....	1,805,995.00	.....	1,805,995.00
Kentucky.....	2,563,151.00	.....	2,563,151.00
Louisiana.....	4,751,333.00	.....	4,751,333.00



Reconstruction Finance Corporation funds made available to 38 States and 2 Territories under Title I to close of business January 31, 1933—Continued

State	To be reimbursed by—		Total
	State	Political subdivisions	
Michigan.....	\$9,958,474.00	\$2,116,000.00	\$12,074,474.00
Minnesota.....	1,351,843.00		1,351,843.00
Mississippi.....	2,739,425.00		2,739,425.00
Missouri.....	2,435,531.00		2,435,531.00
Montana.....	1,150,946.00		1,150,946.00
Nevada.....	124,867.00		124,867.00
New Hampshire.....	944,690.00		944,690.00
New Mexico.....	172,000.00		172,000.00
New York.....	6,100,000.00		6,100,000.00
North Carolina.....	3,036,000.00		3,036,000.00
North Dakota.....		157,680.00	157,680.00
Ohio.....	6,327,504.00	4,220,501.00	10,548,005.00
Oklahoma.....	2,178,308.00		2,178,308.00
Oregon.....	980,738.00		980,738.00
Pennsylvania.....	26,705,446.00		26,705,446.00
South Carolina.....	1,517,800.00		1,517,800.00
South Dakota.....	1,393,995.00		1,393,995.00
Tennessee.....	1,019,634.00		1,019,634.00
Texas.....	4,135,134.00		4,135,134.00
Utah.....	1,998,589.00		1,998,589.00
Virginia.....	2,464,860.00		2,464,860.00
Washington.....	1,353,700.00	1,268,000.00	2,621,700.00
West Virginia.....	4,747,561.00		4,747,561.00
Wisconsin.....	8,304,770.00		8,304,770.00
Hawaii.....	307,435.00		307,435.00
Puerto Rico.....	360,000.00		360,000.00
Total.....	142,863,708.22	20,014,181.00	162,877,889.22

Mr. WAGNER. Under title 2 of the act providing for loans for the construction of self-liquidating projects the total authorizations to February 1, 1933, by the Reconstruction Finance Corporation amounted to \$155,721,000. Only an insubstantial amount of that sum has actually been advanced.

At this point in my remarks I ask leave to have inserted in the RECORD a memorandum prepared by the Reconstruction Finance Corporation showing the estimated number of men to be employed on self-liquidating projects as of January 31, 1933.

The PRESIDING OFFICER. Without objection, it is so ordered.

The memorandum referred to is as follows:

The estimated number of men to be employed on the self-liquidating projects authorized by the corporation as at the close of business, January 31, 1933, is as follows:

	Man-years	Man-months	Man-days
Direct.....	76,818	921,816	19,972,711
Indirect.....	70,853	850,236	17,004,720
Total.....	147,671	1,772,052	36,977,431

Total authorized, \$155,721,634.24.

The above figures on direct employment are based on 1,560 working hours per man per year, or approximately 22 days per month at 6 hours per day. The figures on indirect employment, in accordance with the method used by the Bureau of Public Roads, are based on 1,920 working hours per man per year, or 20 days per month at 8 hours per day.

Figures on direct employment are the estimates furnished by the applicants. Although we have no direct check on these estimates, we have checked them against figures supplied by the Bureau of Public Roads and the Bureau of Labor Statistics covering average construction projects of similar type, and we feel that in some cases the applicants' figures have been overestimated.

As to indirect employment, we have worked out the figures in conjunction with the Bureau of Public Roads, which has made a thorough and careful study of the general subject in connection with their own work.

It should be understood that we do not vouch for the accuracy of the figures, but that they represent the best estimates available at the present time.

Mr. WAGNER. Under title 3 of that act, which appropriated \$322,000,000 for Federal construction, the several departments of the Government up to December 1, 1932, had committed for expenditures \$156,082,157.

Mr. President, I have received from the Bureau of Public Roads an estimate of the volume of employment directly provided by the emergency road appropriation carried in that act. It discloses that during the month of November 89,230 men, and in December 76,954 men, were given direct employment as a result of that emergency appropriation. In order to arrive at the total volume of employment directly and indirectly provided as a result of that appropriation, those figures should be respectively multiplied by three, for behind every man on the site of construction two men are engaged in the fabrication of materials, in transportation, and other indirect occupations directly set on foot as a result of the construction project. I ask leave that the two tables I have here may be printed in the RECORD at this point in my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The tables referred to are as follows:

UNITED STATES DEPARTMENT OF AGRICULTURE,  
BUREAU OF PUBLIC ROADS.

Total Federal and State highway employment  
MONTH OF NOVEMBER, 1932

State	Construction										Total maintenance	Grand total	
	National forest		National park		Federal land		Federal aid		Total Federal	Total State			Total Federal and State
	Regular	Emergency	Regular	Emergency	Regular	Emergency	Regular	Emergency					
Alabama.....							292	1,659	1,951	397	2,348	1,930	4,278
Arizona.....	11	477	80				242	910	1,720	108	1,828	102	1,930
Arkansas.....								136	136		136	758	894
California.....	465	635	398	11	31		1,168	567	3,275	4,214	7,489	2,745	10,234
Colorado.....	37	451	43				70	1,879	2,480	78	2,558	488	3,046
Connecticut.....							153	586	639	2,594	3,233	1,009	4,242
Delaware.....							278	992	1,270	469	1,739	261	2,000
Florida.....		31					452	741	1,224	2,667	3,891	737	4,628
Georgia.....							858	4,602	5,460	3,056	8,516	776	9,292
Idaho.....	30	416	52		40		170	856	1,564	347	1,911	728	2,639
Illinois.....							1,982	3,997	5,979	4,975	10,954	3,281	14,235
Indiana.....							1,689		1,689	1,512	3,201	4,807	8,008
Iowa.....							770	3,347	4,117	612	4,729	1,436	6,165
Kansas.....							571	2,435	3,006	315	3,321	1,625	4,947
Kentucky.....							1,501	2,075	3,576	5,790	9,366	2,670	12,036
Louisiana.....							544	526	1,070	3,251	4,321	1,270	5,591
Maine.....							337	845	1,182	685	1,867	682	2,549
Maryland.....							562	442	1,004	1,758	2,762	3,231	5,993
Massachusetts.....							803	880	1,683	1,547	3,230	1,717	4,947
Michigan.....		10					1,224	1,978	3,212	949	4,161	1,468	5,629
Minnesota.....	50	155					110	2,184	2,499	1,428	3,927	2,071	5,998
Mississippi.....							484	916	1,400	1,160	2,560	1,114	3,674
Missouri.....							564	1,908	2,472	6,076	8,548	6,313	14,861
Montana.....		258			16		295	3,564	4,133		4,133	261	4,394
Nebraska.....							794	2,688	3,422	796	4,218	1,052	5,270
Nevada.....		96			35		111	321	563		563	220	783

<sup>1</sup> Estimated.

<sup>2</sup> October report.

<sup>3</sup> Exclusive of men employed on State-aid maintenance.



*Total Federal and State highway employment—Continued*  
MONTH OF NOVEMBER, 1932—continued

State	Construction										Total maintenance	Grand total	
	National forest		National park		Federal land		Federal aid		Total Federal	Total State			Total Federal and State
	Regular	Emergency	Regular	Emergency	Regular	Emergency	Regular	Emergency					
New Hampshire	56						191	303	550	7,653	8,203	1,074	9,277
New Jersey							1,167	1,467	2,634	736	3,370	1,114	4,484
New Mexico	67	216					162	1,462	1,907	202	2,109	788	2,897
New York							2,576	4,779	7,355	2,919	10,274	4,273	14,547
North Carolina							230	3,786	4,016	17	4,033	9,237	13,270
North Dakota					17		602	1,486	2,105	143	2,248	906	3,154
Ohio							2,101	4,061	6,162	1,669	7,831	8,575	16,406
Oklahoma							1,165		1,165	3,551	4,716	2,651	7,367
Oregon		569					429	1,709	2,707	630	3,337	733	4,070
Pennsylvania							3,764	3,580	7,344	1,785	9,129	50,225	59,354
Rhode Island							166	485	651	103	754	976	1,730
South Carolina							24	2,581	2,605	622	3,227	1,470	4,697
South Dakota					16		898	1,929	2,874	258	3,132	912	4,044
Tennessee		31					554	2,707	3,261	624	3,885	1,756	5,641
Texas							5,014	1,024	6,038	4,881	10,919	7,222	18,141
Utah		91	255				297	783	1,426	1,190	2,616	4,700	7,316
Vermont							25	507	532	25	557	1,012	1,569
Virginia	248		101				1,243	2,114	3,506	2,786	6,292	9,320	15,612
Washington	58	366	230		130		218	1,062	1,764	834	2,598	1,779	4,377
West Virginia							374	1,838	2,212	2,935	5,147	2,044	7,191
Wisconsin							542	4,056	4,598	3,497	8,095	3,913	12,008
Wyoming	31	311	68	230			118	2,048	2,806	162	2,968	371	3,339
Alaska	125								125		125	249	
Hawaii							864		864		864		864
United States	978	4,113	1,027	241	110	75	38,588	84,801	129,933	81,006	210,939	160,728	371,667

## MONTH OF DECEMBER, 1932

Alabama							226	2,244	2,470	410	2,880	1,870	4,750
Arizona	24	358					103	872	1,347	72	1,419	587	2,006
Arkansas		71						390	461		461	586	1,047
California	408	514	156	111			978	991	3,058	4,547	7,605	2,849	10,454
Colorado		310					57	895	1,262	32	1,294	408	1,702
Connecticut							34	452	486	1,814	2,300	939	3,239
Delaware								694	694	174	868	120	988
Florida	50	53					408	1,711	2,222	2,486	4,708	832	5,540
Georgia							301	4,740	5,041	3,043	8,084	893	8,977
Idaho	16	359				73	23	718	1,189	103	1,292	555	1,847
Illinois							889	2,735	3,624	2,680	6,304	3,881	10,185
Indiana							736		736	1,108	1,844	3,268	5,112
Iowa							469	316	785	334	1,119	1,246	2,365
Kansas							451	2,654	3,105	186	3,291	1,213	4,504
Kentucky							961	1,591	2,552	4,152	6,704	2,701	9,405
Louisiana							285	3,220	3,505	2,038	5,543	1,081	6,624
Maine							29	882	911	312	1,223	1,001	2,224
Maryland							323	331	654	1,215	1,869	3,539	5,408
Massachusetts							395	669	1,064	689	1,753	1,576	3,329
Michigan	96	18					394	1,101	1,609	698	2,307	4,457	6,764
Minnesota	50	50						833	933	1,196	2,129	1,205	3,334
Mississippi							462	1,368	1,830	56	1,886	1,148	3,034
Missouri							171	1,137	1,308	3,833	5,141	4,567	9,708
Montana		170						2,310	2,480		2,480	226	2,706
Nebraska							156	1,922	1,978	444	2,422	775	3,197
Nevada		198				168	14	308	688		688	188	876
New Hampshire	38							125	163	2,283	2,446	1,238	3,684
New Jersey							628	999	1,627	641	2,268	1,114	3,382
New Mexico		376					115	1,940	2,431	180	2,611	1,033	3,644
New York							934	2,585	3,519	1,585	5,104	7,491	12,595
North Carolina							46	3,186	3,232		3,232	8,327	11,559
North Dakota					13		185	486	684		684	564	1,248
Ohio							993	2,160	3,153	614	3,767	4,984	8,751
Oklahoma					77		864	89	1,030	3,656	4,686	2,635	7,321
Oregon		696			119		478	1,670	2,863	347	3,210	691	3,901
Pennsylvania		39					1,982	3,228	5,249	1,196	6,445	29,632	36,077
Rhode Island							98	304	402	90	492	1,053	1,545
South Carolina								2,737	2,737	399	3,136	1,465	4,601
South Dakota		60			5		217	632	914	157	1,071	685	1,756
Tennessee							271	3,297	3,568	312	3,880	1,689	5,569
Texas							3,533	2,235	5,768	2,082	7,850	6,747	14,597
Utah	77	96	187			24	170	895	1,449	827	2,276	5,593	7,869
Vermont								1,840	1,840		1,840	1,012	2,852
Virginia	30		167				609	3,165	3,971	2,069	6,040	13,815	19,855
Washington	29	497		69			126	846	1,567	586	2,153	2,466	4,619
West Virginia							270	1,710	1,980	1,609	3,589	1,800	5,389
Wisconsin							102	1,421	1,523	1,897	3,420	3,913	7,333
Wyoming	33	126		189		43	63	1,161	1,615	56	1,671	291	1,962
Alaska	72								72		72	37	109
Hawaii							321	601	922		922		922
Total	923	3,991	510	269	114	308	19,770	72,386	98,271	52,208	150,479	139,986	290,465

1 Estimated.

2 October report.

3 Exclusive of men employed on State-aid maintenance.

4 This report includes State aid, third class, and special resolve construction.

5 September report.

6 November report.

Mr. WAGNER. Mr. President, what has been done under the emergency relief and construction act is cruelly little, but let it be said now that it is the only emergency action taken which has directly contributed to the preservation of life and has kept at least some men at work in their normal

occupations and has sustained their morale, their purchasing power, and their citizenship.

It seems to be beyond dispute that we shall not start a single force for recovery by pursuing a policy of slow national starvation and attrition until declining production



overtakes vanishing consumption. That is the course of self-imposed poverty and deliberate national deterioration. In so far as recovery can be promoted by domestic efforts, it must have as its focus the expansion, not the contraction, of activity; the spread of purchasing power, not its further destruction. The only line of fruitful activity which will not serve to increase the very surplus of unsalable commodities is the construction of necessary projects which are in the public interest.

Beyond this central fact there are additional pertinent factors which deserve consideration and fortify the wisdom of pursuing that course. First, construction is the most severely deflated of American industries. The decline in wage payments in that industry has been in excess of 75 per cent as compared with 1929, and the volume of construction contracts awarded has shrunk from an average of \$550,000,000 a month in 1928 to about \$110,000,000 a month in 1932. Second, construction costs have fallen to so low a level that, in the interests of genuine economy and the saving of the taxpayers' money both now and in the future, it is desirable to prosecute every needful construction or reconstruction project at the present time. Third, the expansion of construction through Reconstruction Finance Corporation financing gives us the necessary means of releasing the right kind of inflation—credit inflation—through the creation of job-giving activities for the production of genuine wealth of permanent value. I have, as the Senate knows, long advocated the advance planning of public construction as a method of helping to stabilize employment. The policy of advance planning was, after much effort, written into the law in February, 1931.

I have before me a very interesting calculation prepared by the Director of the Federal Employment Stabilization Board which indicates that proper allocation of all public construction between 1925 and 1929 would have left almost \$4,000,000,000 for construction activity in 1931 and 1932. That would have been enough, practically, to take up the slack in that industry.

I ask that that table, with the attached explanation furnished by the Federal Employment Stabilization Board, may be printed in the RECORD at this point in my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The table and explanation are as follows:

The attached photostatic table represents annual (calendar year) estimates of construction expenditures by all agencies whose expenditures are ascertainable, as compiled by this board; 1932 data are still subject to some minor correction.

In my opinion, the grand total for 1930, 1931, and 1932 is about 80 per cent of all construction work performed in this country. The remaining 20 per cent is impossible to estimate in detail.

The chart Estimated Construction Expenditures with Advance Planning Possibilities was based on these estimates. The annual contraction of public works from 1925 through 1929, as shown on this chart, is purely arbitrary. The contraction and expansion by years, as shown on this chart, amount to:

Contraction	
1925	\$570,000,000
1926	400,000,000
1927	970,000,000
1928	860,000,000
1929	1,030,000,000
	<u>3,830,000,000</u>
Expansion	
1931	1,600,000,000
1932	2,230,000,000
	<u>3,830,000,000</u>

The expansion, totaling \$3,830,000,000, was arbitrarily divided between 1931 and 1932, as indicated (1930 was not greatly below normal).

This display is based on "dollar" volume of construction. The cost of construction has declined about 10 per cent in 1930, 20 per cent in 1931, and 30 per cent in 1932 from the 1929 level. If the "dollar" volume could be translated into physical units, or employment, there would be a consequent increase in the years 1930-1932. The stars approximate what this level would have been in terms of physical units, or employment.

Very truly yours,

D. H. SAWYER, Director.

Estimated construction  
[In millions of dollars]

	1925	1926	1927	1928	1929	1930	1931	1932
Residential	2,748	2,671	2,573	2,788	1,916	1,101	881	285
Commercial	872	921	933	885	929	616	311	130
Factories	327	471	376	509	546	257	116	45
Rel. & Mem.	153	149	156	128	106	93	53	30
37 Eastern States <sup>1</sup>	4,100	4,212	4,038	4,310	3,497	2,067	1,291	490
11 Western States (estimated) <sup>2</sup>	451	463	444	474	385	227	142	54
Farm construction <sup>3</sup>	470	470	473	463	463	367	258	192
Total private, United States	5,021	5,145	4,955	5,247	4,345	2,661	1,691	736
Railroads	1,223	1,371	1,339	1,280	1,370	1,730	812	529
Electric-power companies	884	823	844	813	906	968	654	322
Telephone companies	502	534	545	613	795	817	604	438
Electric-railroad companies	242	207	205	194	194	189	155	147
Subtotal	2,851	2,935	2,933	2,900	3,265	3,204	2,225	1,436
Pipe-line companies	(9)	(9)	(9)	(9)	(9)	515	469	165
Gaslight companies	(9)	(9)	(9)	(9)	(9)	226	167	96
Telegraph companies	(9)	(9)	(9)	(9)	(9)	73	37	21
Waterworks companies	(9)	(9)	(9)	(9)	(9)	44	25	16
Aviation companies	(9)	(9)	(9)	(9)	(9)	7	6	4
Cotton warehouses	(9)	(9)	(9)	(9)	(9)	3	3	3
Total, railroad and public utilities <sup>4</sup>	(9)	(9)	(9)	(9)	(9)	4,072	2,932	1,741
Cities	1,250	1,175	1,482	1,394	1,532	1,660	1,330	
Counties	814	656	914	843	648	607	480	
States (excluding Federal aid)	411	404	438	502	580	700	640	1,300
Federal (including Federal aid, excluding District of Columbia)	230	225	238	265	300	390	510	600
Total public <sup>5</sup>	2,705	2,460	3,072	3,004	3,060	3,357	2,960	1,900
Subtotal	10,577	10,540	10,960	11,151	10,670	9,222	6,876	4,072
Grand total						10,090	7,583	4,377

<sup>1</sup> F. W. Dodge Corporation—contracts awarded

<sup>2</sup> Federal Employment Stabilization Board.

<sup>3</sup> Department of Agriculture.

<sup>4</sup> No data available.

Compiled by the Federal Employment Stabilization Board, Dec. 21, 1932.

Mr. WAGNER. Mr. President, I do not believe there is any serious division of opinion respecting the proposal that every effort be made to open up employment opportunities through the initiation of necessary construction projects. That proposal is the policy we adopted in the emergency relief and construction act of 1932. The reasons for the meager performance under that measure are to be found both in the restrictive language of the act as now written, as well as in the ultraconservative policy pursued by the Reconstruction Finance Corporation. It was the common opinion expressed at the hearings before the subcommittee of the Banking and Currency Committee that the two chief obstacles to the initiation of job-giving projects under the emergency relief and construction act were, first, the rigorous definition of a self-liquidating project; and, second, the high interest rates required by the Reconstruction Finance Corporation. In both respects the bill which I present provides what I regard as the necessary remedy. So far as public construction by local governmental bodies is concerned, the requirement that a project be self-liquidating is entirely abandoned. In lieu of that requirement the bill would provide a new standard that any project initiated by a public body shall be eligible for a loan if it is needful and in the public interest. The rate of interest to be charged on construction loans by the Reconstruction Finance Corporation is fixed at a rate not to exceed one-half per cent above the rate carried on the last issue of Federal bonds immediately preceding the making of the loan. These are the principal changes. They will, in my judgment, permit the Reconstruction Finance Corporation to function in the manner in which it was intended to function, namely, as an agency to promote recovery, to provide employment, and to stimulate business, industry, and agriculture.

Mr. WALSH of Montana. Mr. President—

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Montana?



Mr. WAGNER. I yield.

Mr. WALSH of Montana. I inquire of the Senator from New York, as well as the Senator from Wisconsin, whether there is any provision in the bill sponsored by the Senator from Wisconsin and reported by the committee liberalizing the provisions of the Reconstruction Finance Corporation act in relation to so-called self-liquidating projects?

Mr. LA FOLLETTE. Mr. President, will the Senator from New York yield?

Mr. WAGNER. Yes; of course, I yield to the Senator.

Mr. LA FOLLETTE. Mr. President, in response to the inquiry made by the Senator from Montana, let me say that there is nothing in the bill as reported from the Committee on Manufactures which deals with the section of the relief and reconstruction act concerning loans for self-liquidating works, but the amendment now pending, offered by the Senator from New York to the bill reported by the Committee on Manufactures, embodies all the provisions of the so-called Wagner bill liberalizing loans for self-liquidating projects, and that is now the pending question.

Mr. WAGNER. Does that answer the question of the Senator from Montana?

Mr. WALSH of Montana. That answers the question, and I thank the Senator.

Mr. WAGNER. Mr. President, the other changes affected by my proposal are summarized in the committee report on Senate bill 5609.

These changes will render eligible many useful and necessary projects which are now denied loans by the Reconstruction Finance Corporation. If these legislative changes are also accompanied by a change of heart in the Reconstruction Finance Corporation and the development in that organization of a vigorous will to effectuate the policy of Congress, we may with confidence anticipate an improvement in the employment situation.

My proposal carries no provision for the expansion of the program of Federal construction. The reason for that omission is not that I regard it as unnecessary; the reason is that I believe that we can more successfully formulate such a program under the auspices of the new administration.

Mr. President, as we consider the questions of depression and relief, as we fix our attention upon statistical tables showing the rise and fall of business, we sometimes forget the individual who has borne the brunt of the long economic struggle. Undoubtedly every portion of the population has suffered in the general deflation of values and shrinkage of income, but I submit that the heavy end of the load has been carried by the men and women who work on the farm and in the factory to earn their daily bread. And not only is that true but it is also a fact that during the days of prosperity they did not enjoy the same relative increase in earnings that was enjoyed by the investor. I have had prepared a table which reveals the relationship very clearly. The table is as follows:

	Relative amount paid out in wages	Relative amount paid out in dividends
1926.....	100	100
1927.....	97	108
1928.....	95	119
1929.....	100	140
1930.....	80	138
1931.....	60	104
1932 (December).....	38	59

It is about time that we turned our attention in the direction of the wage earner who did not enjoy, relatively, the benefits of prosperity and who is to-day the chief sufferer of the consequences of depression. Out of his labor we reared the industrial greatness of America. That greatness can not endure unless we restore him to gainful employment.

Mr. President, the amendment which I have offered—

Mr. TYDINGS. Mr. President—

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Maryland?

Mr. WAGNER. Yes.

Mr. TYDINGS. May I ask the Senator from New York if he would object to including in his amendment at the appropriate place some such provision as this:

To make loans to corporations formed wholly for the purpose of providing housing for the families of officers of the United States Army, Navy, and Marine Corps?

May I say a brief word in explanation of that suggestion?

Mr. WAGNER. I yield further.

Mr. TYDINGS. In Annapolis Md., there are a considerable number of Navy and Marine Corps officers. A corporation has been formed to build housing there for about 75 or 100 of these officers' families. The project has been approved, I am told, by the Reconstruction Finance Corporation in so far as its financial feasibility is concerned. However, may I say to the Senator from New York that the original act did not authorize the Reconstruction Finance Corporation to make loans for that purpose; and the purpose is simply to have that power conferred on the Reconstruction Finance Corporation so that a housing proposition can be approved which will provide work, be self-liquidating in character, and furnish quarters for our Army, Navy, and Marine officers which the Government may have to build out of other funds if this is not done.

Mr. WAGNER. To the expansion of that particular section to the extent suggested by the Senator I do not object at all; but the Senator will have to draft an amendment, because in my proposed amendment I do not deal with the question of housing at all. I leave that as it is in the original act. I see no objection to that.

Mr. TYDINGS. I should like at this time to have passed upon the question of inserting it at its appropriate place in the amendment of the Senator from New York, and I will have the amendment properly drafted so that it will fit into the bill. May I further say to the Senator from New York that when the original act was passed it was provided that we should make loans to corporations formed wholly for the purpose of providing housing for families of low income; and all that this amendment would do is to provide housing for the Army, Navy, and Marine Corps.

Mr. WAGNER. I understand.

The PRESIDING OFFICER. Does the Senator from New York modify his amendment to that effect?

Mr. WAGNER. Yes. I understand the purpose of the amendment, and it is quite agreeable to me.

Mr. TYDINGS. I thank the Senator.

Mr. FESS. Mr. President, will the Senator yield to me?

Mr. WAGNER. Yes.

Mr. FESS. I notice that the Senator's proposal is limited to loans to States, municipalities, and so forth, and that he has also taken in private corporations. I do not see, anywhere in the amendment, any limit as to the amount that may be loaned.

Mr. WAGNER. To whom?

Mr. FESS. For these purposes.

Mr. WAGNER. To a corporation, to a public body, municipality, or State?

Mr. FESS. No; the sum total.

Mr. WAGNER. The sum total, to whom? To a municipality or to a private corporation?

Mr. FESS. Both.

Mr. WAGNER. There is a limitation in the act itself, which is not modified at all.

Mr. FESS. Oh, there is? My thought was that there ought to be some limit.

Mr. WAGNER. Oh, yes. That limitation in the original act is retained. I am not changing that limitation at all.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Kentucky?

Mr. WAGNER. Yes, sir.

Mr. BARKLEY. I have not had time to compare the amendment which the Senator is going to offer to the La Follette-Costigan bill with his original bill, S. 5609.

Mr. WAGNER. I know the matter in which the Senator is particularly interested. The question does not arise in the



amendment which I have offered now, but it will arise in the next amendment.

Mr. BARKLEY. The amendment which the Senator is offering now has no provision prohibiting the expenditure of any relief funds for administration?

Mr. WAGNER. No. The amendment which I offer now deals only with enlarging the authority of the Reconstruction Finance Corporation to make loans to States, municipalities, or other public bodies for projects which are needful and in the public interest.

Mr. BARKLEY. So-called self-liquidating projects. The Senator is not dealing with relief?

Mr. WAGNER. I am not dealing with relief just at this moment. That will come at a subsequent time.

Mr. BARKLEY. Is the Senator going to offer his bill, Senate 5609, later as a substitute for the whole La Follette bill?

Mr. WAGNER. I propose to do that.

Mr. BARKLEY. While I am on the subject, let me ask the Senator whether he would accept an amendment which I propose to offer to that bill, eliminating the provision which prohibits the use of any of these funds for administration within the States?

Mr. WAGNER. I am not the author of that particular amendment. It was incorporated by the committee itself, so I do not feel authorized myself to accept the amendment. I personally shall make no objection to it.

Mr. BARKLEY. When the time comes I am going to offer that amendment.

Mr. WAGNER. Very well.

Mr. FESS. Mr. President, I have examined the amendment offered by the Senator from New York [Mr. WAGNER], and also listened to the Senator's explanation of it. It seems to me that there is no serious objection to the adoption of the amendment, as it is in the right direction, and I think has the possibilities of absorbing considerable unemployment.

Mr. WAGNER. I am very confident about that, Mr. President.

Mr. FESS. For that reason I feel like supporting it.

Mr. LA FOLLETTE. Mr. President, I wish to make a brief statement concerning the amendment which has just been offered by the Senator from New York [Mr. WAGNER].

His amendment, if agreed to, will appear at the end of the committee amendment now pending. The amendment of the Senator from New York does not seek to deal with the question of direct unemployment relief for the aid of destitution. The pending amendment incorporates all of the provisions contained in the original bill of the Senator from New York designed to liberalize the terms of the existing act under which loans for public works may be extended.

Mr. President, with that purpose I am in hearty sympathy. While I did not agree with the proposal offered by the Senator from New York last spring, because I felt that the total of public works which he provided under that bill would prove to be inadequate, I tested out the issue, however, in the Senate by offering a substitute providing for a five and a half billion dollar public-works program, and it was defeated. In the closing hours of this session, with millions of persons hungry, destitute, and cold, I do not propose again to raise the issue concerning the size of the public-works program to be undertaken.

Therefore, Mr. President, I am very hopeful that the amendment now pending, offered by the Senator from New York, will be agreed to.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield.

Mr. WAGNER. Referring to the suggestion the Senator made as to the usefulness of a public-works program to absorb unemployment, I might state that I put into the RECORD to-day some very interesting figures which show that if we could secure \$2,000,000,000 for public projects all through the country—there are many of them, easily \$2,000,000,000 worth—we could put 2,000,000 men to work on those projects, and indirectly a great many more.

I mean it would have a tremendous effect on these efforts we are making for economic rehabilitation.

Mr. LA FOLLETTE. The Senator from New York and myself are not in disagreement concerning the advisability of employing a large public-works program for the purpose of providing reemployment and stimulating recovery. The only place where the Senator from New York and myself have had any difference of opinion has been in regard to the size of the program necessary to achieve the objectives which we both seek to attain. As I stated a moment ago, however, I do not propose, in the closing hours of this short session of Congress, to raise that issue again. I am in hearty sympathy with everything the Senator from New York has said concerning the too strict terms of the original act concerning loans for public works and the too conservative administration of it, and I hope that everything that he seeks to achieve will flow from a liberalization of the existing law.

Mr. WAGNER. Mr. President, may I make one other observation?

Mr. LA FOLLETTE. I yield.

Mr. WAGNER. I would not want the RECORD to show that the Senator and I differ upon any of these efforts to secure the employment of the unemployed. We do not differ as to the size of the program. I think I am simply a little more pragmatic than the Senator, and I knew it was hopeless to secure the passage of any such large program as both of us realized was needed to attack this problem in a bold and courageous manner.

Mr. LA FOLLETTE. Let me continue this discussion for only a moment longer.

The timing and the size of a public-works program are the essence of it if we seek to employ it to stimulate a recovery, to check the downward trend of the vicious spirals always in evidence in a depression.

The Senator from New York advocated a smaller program than I. I did not advocate the larger program for any theoretical reasons or for any reasons of enthusiasm. I advocated the larger program because at the time I offered the five and one-half billion dollar public-works amendment last year I was convinced, after conference with the best experts I could find in the United States who knew anything about the theory, that even at that stage, relatively higher than the one upon which we now rest, a five and one-half billion dollar program was the minimum which could achieve the results which both the Senator from New York and myself sought to obtain. As I stated, however, I do not care to raise that issue. I do not care to discuss it. I simply made reference to it in order that there might not be any inconsistency in the record which I have attempted to make during the progress of this cataclysmic deflation and depression.

I hope the amendment offered by the Senator from New York [Mr. WAGNER] will be agreed to.

The PRESIDING OFFICER. The question is on the amendment of the Senator from New York [Mr. WAGNER], as modified by the amendment of the Senator from Maryland [Mr. TYDINGS].

Mr. FLETCHER. Mr. President, I do not quite understand the situation. Has the amendment of the Senator from New York been modified while I was out of the Chamber?

Mr. WAGNER. I might say to the Senator from Florida that the amendment I have offered is that portion of the bill considered by the subcommittee.

Mr. FLETCHER. I understand that.

Mr. WAGNER. If the Senator does not mind, I should like to have the amendment acted upon now. There does not seem to be any objection at all to it.

Mr. FLETCHER. All right.

The PRESIDING OFFICER. The question is on the amendment of the Senator from New York [Mr. WAGNER], as modified by the amendment of the Senator from Maryland [Mr. TYDINGS].

Mr. COSTIGAN. Mr. President, I had not intended to speak on the amendment I am about to offer in the absence



of the senior Senator from Montana [Mr. WALSH], with whom I held a conference a moment ago. In view, however, of the possible immediate adoption of the amendments of the Senator from New York [Mr. WAGNER], I wish to direct his attention to that portion of his amendments which relates to loans by the Reconstruction Finance Corporation to private corporations.

Mr. FLETCHER. Mr. President, may I say that I rose with the idea of submitting some remarks on this amendment. I was asked by the Senator from Colorado to yield in order that it might be agreed to, and I did so. If it is going to be discussed, I desire to be heard.

Mr. COSTIGAN. I was under the impression that the amendment was to be adopted instantly.

Mr. FLETCHER. That was my understanding.

Mr. COSTIGAN. At any moment he so desires I will yield with pleasure to the able Senator from Florida.

The PRESIDING OFFICER. The Chair was under the impression that the Senator from Florida was endeavoring to discuss another matter.

Mr. COSTIGAN. Mr. President, my suggestion may be speedily determined. Directing the attention of the author of the amendments to page 2, line 21, we find that in the case of loans by the Reconstruction Finance Corporation to private corporations, bridges, tunnels, docks, viaducts, waterworks, canals, and markets are included, provided they are devoted to public use.

In our western more or less arid country we have mutual irrigation companies, the distributing properties of which are reasonably regarded as devoted to public use. These companies find it necessary to construct reservoirs as a highly important part of their irrigation systems.

The Reconstruction Finance Corporation has recently dealt with the question whether it is authorized to make loans to such corporations where the security is ample if reservoirs are included with the canals. In the cases I have in mind the reservoirs are decidedly important for the proper accumulation and storage of sufficient water for use in canals in those regions which are dependent on irrigation.

It is my understanding that the Reconstruction Finance Corporation has decided that it may not consider reservoirs, however valuable for the successful operation of the canals, as subject to inclusion in security for loans upon canals devoted to a public use. I therefore ask the Senator from New York whether he is willing to incorporate in his amendments, following the word "canals," on page 2, line 22, an amendment reading in substance as follows: "reservoirs, reasonably essential to the operation of such canals"?

Mr. WAGNER. Mr. President, I see no objection to that. It still must be self-liquidating in character.

The PRESIDING OFFICER. Without objection, the amendment is accepted. The question is on agreeing to the amendment of the Senator from New York [Mr. WAGNER], as modified.

The amendment as modified was agreed to.

#### THE FUTURE OF OUR FOREIGN TRADE

Mr. FLETCHER. Mr. President, I rose to submit some observations with reference particularly to section 24 of the amendment of the Senator from New York. The amendment has been agreed to, however, and is not involved just now; but with the Senate's permission, very briefly, I want to refer to a subject not directly one of relief but one which concerns the general conditions of the whole country.

We have many problems before us. This is a great country, and there are numerous problems to be settled. One of them, in my judgment, very important just now, is the building up, extension, and expansion of our export trade. The statement is made, and no doubt it is true, that the farm income of our country has shrunk from its peak of \$17,000,000,000 in 1920 to \$12,000,000,000 in 1929, and to an estimated \$5,250,000,000 in 1932.

We have some very important exportable surpluses—for instance, cotton, wheat, tobacco, meat products, and that sort of thing. We have to dispose of those surpluses somewhere, somehow; and that, it seems to me, involves consideration of the question of attending to our foreign trade.

Mr. President, I had the privilege of offering as an amendment to the Reconstruction Finance Corporation bill when it was pending before the committee what became known as section 5A. It was agreed to in the Senate and became part of the law. But nothing has been done under it so far.

The purpose of that provision was to enable the Reconstruction Finance Corporation to finance the export of agricultural products particularly. In the foreign countries people are accustomed to buy on terms which are not usually considered banking terms. For instance, it is not business a bank would attend to. Thirty, sixty, and ninety day business does not count with them. They want a longer time. They want 4 or 6 or 8 or 10 months, and it is a safe business. It has to be handled in a different way from the ordinary commercial transaction.

We are trying to do something about our exportable surpluses by some sort of plan of inverted tariffs, but we have not gotten very far with that. In the Wagner amendment there is a provision, section 24, which provides for financing our agricultural products and agricultural raw materials furnished to manufacturers.

Mr. President, that is a general statement with reference to the importance of opening up markets abroad for the selling of our agricultural surplus products. In a general way I may say, on the subject of the importance of foreign trade in our international economic structure, that the question is, is it necessary for the United States, as a Nation, to concern itself with foreign commerce in view of the immensity of the problems presented by its purely domestic economic and commercial situation? With the total sales of American products abroad fallen to the lowest point since 1905, would it not be best to abandon entirely our efforts to expand our foreign trade or even to try to retain what we have left? Those who advocate this negative course—and, surprisingly enough, there are some otherwise thoughtful and intelligent men in the camp of the ultrasolationists—can not have given full consideration to all of its implications.

We in the United States might, perhaps, be a happier and more prosperous Nation were we sufficient unto ourselves alone, able to work out our own economic destiny without regard to other nations. But any such convenient isolation is a mere philosophical conception. Facing things as they are, we find that in spite of our tremendous natural resources and high state of industrial development, we are far from self-sufficient and far from any prospect of becoming so. Were we to cut off our imports from other nations, we should, to begin with, have to give up our coffee, tea, and cocoa, do without silk clothing or goods. These things, to be sure, might perhaps be classed as luxuries, although their distribution and sale in the United States is affording employment to thousands of Americans. But in our civilization to-day no one could class rubber and tin as luxuries. On these two raw materials alone depend some of our greatest industries. And every pound of tin and of rubber that goes into finished American manufactures must be bought abroad. Platinum, a metal that is an essential to the manufacture of many electrical products, is another mineral for which we must look entirely to foreign sources of supply.

Coffee, tea, cocoa, silk, rubber, tin, and platinum are merely a few of the items in the long list of commodities and materials in daily use that simply can not be produced in the United States. We may think of steel, for example, as an American product. Certainly, in the industrial uses of steel this country has shown the way to the rest of the world. But it is a matter of cold fact that modern steel and its alloys, essential as they are to the preservation of twentieth-century American civilization, can not be produced in the United States without the use of imported materials.

I do not think I need further stress America's dependence on imports. Even those who may be most contemptuous, in theory, of foreign trade as a factor of importance in our economic scheme must grant that agricultural and industrial self-sufficiency could not be attained without a will-



ingness to revert to a standard of living lower than that of any nation that can possibly call itself civilized according to modern standards.

Now, the United States must, somehow, pay for the rubber, tin, steel, alloys, and the long list of other essential materials for which we are obliged to turn to foreign sources, whether we like it or not. If our foreign transactions were confined to purchases alone, we should find ourselves obliged to pay for them by shipments of gold. Even at the peak of domestic prosperity, such an arrangement would be altogether impossible. It becomes necessary, therefore, to sell our own goods abroad in order to create at least an approximate balance and to avoid a disproportionate drain upon our gold resources. In other words, we must export, if only in order to pay for our necessary imports.

It may seem that I am speaking in elementary terms, but I do wish to emphasize, just as strongly as I can, a simple and elementary fact—too often clouded in loose, theoretical discussion—that foreign trade always has been and must continue to be one of the essential, basic parts of the very foundation of the commercial and economic structure of the United States. There is no question as to whether or not we shall continue to trade with other nations; the only question is as to whether we shall recognize the vital importance of that trade to our national welfare and, where we can properly do so, foster and stimulate it to the best of our ability.

Our exports during the year 1932 dropped to a dismally low figure. Their total value was slightly more than \$1,600,000,000. Yet can we call that negligible when we learn that the number of those employed in producing the goods we sold to other countries during the year is estimated at 2,000,000? It is further calculated, by the Secretary of Commerce, that in addition to these 2,000,000 workers, there were about 1,250,000 persons engaged in activities supplying the daily needs of those directly employed. These figures, I am informed, do not include the men and women engaged in the clerical and mercantile phases of the export business proper—in warehousing, ocean shipping, banking, insurance, and other related occupations.

A branch of activity which, even at the lowest ebb of a quarter of a century, gives jobs to upwards of three and one-quarter million Americans, in every section of the country, is very decidedly a matter of national concern. Whatever the Federal Government can properly do to assist it is directly for the benefit of our people as a whole, not for any particular group interest. The broad range of activities that are affected by the sale of American goods in world markets may be indicated to some extent by citing the fact that last year, foreign countries purchased more than one-half of our entire cotton crop, 40 per cent of our leaf tobacco, 15 per cent of our wheat crop, 24 per cent of our lard production, 13 per cent of our lumber production, 11½ per cent of the automobiles we manufactured, and 30 per cent of our output of lubricating oils.

Mr. President, let us frankly face the fact that the volume of our exports during 1932 was far from satisfactory. But should we, therefore, as a nation, throw up our hands in despair and adopt a defeatist attitude of *laissez-faire* toward our foreign trade? Decidedly not! I believe that the enlightened foreign policies of the new administration will result in a direct and general stimulation of world commerce, in which we must be prepared to maintain our share. I am confident that the next few months will at least bring progress toward a clearing of the muddled situation created by the present uncertainty with respect to the war debts. This will prepare the way for genuinely constructive international cooperation at the forthcoming world monetary and economic conference. Before our world trade or that of any other nation can be restored to a healthy basis there must be a relaxation of the bonds of excessive tariffs, rigid import quotas, and exchange control restrictions that are now strangling the free movement of goods between nations. It is necessary that there be a real truce in the economic warfare that is now being carried on throughout the world. American cooperation will be essential, and it will be forthcoming.

But, in the meantime, with respect to world trade, we must face the situation as it is to-day, with the sale of American goods abroad attended by such handicaps as would be unheard of in normal times. It does not lessen our difficulties (though it may help us better to appreciate our position) to learn that other nations are as hard hit as we are. While, during the first nine months of 1932, the value of our export trade declined 35 per cent, as compared with the same period of the previous year, the exports of France dropped by 38 per cent; those of Germany by 39 per cent; Sweden, 42 per cent; Japan and Italy, 35 per cent; and the United Kingdom, by 33 per cent. In spite of all the barriers erected against American goods in foreign markets, the United States continues to lead the world in the value of its exports.

I have shown that foreign trade still is vital to us as a nation, notwithstanding the vast potentialities of our home market. It is proper, therefore, that the Federal Government should interest itself to a reasonable extent in its promotion, as the governments of other nations are interesting themselves in extending the foreign commerce of their own nationals.

Mr. President, I ask permission to insert in the RECORD at the close of my remarks an extract from an article from the Washington Star of February 12, concerning the current trade promotive activities of foreign governments.

The PRESIDING OFFICER. Without objection it is so ordered.

(See Exhibit A.)

Mr. FLETCHER. To hold our own as an exporting Nation during these trying days and to take advantage of the lifting of foreign barriers against our goods in the days to come, when there has been time to permit of our receiving the benefits of Mr. Roosevelt's policies of enlightened and far-sighted international cooperation, we, as a Nation, have a duty toward American exporters. This obligation, as far as the Federal Government is concerned, is being amply fulfilled through the operation of our Bureau of Foreign and Domestic Commerce.

That bureau's corps of commercial attachés and trade commissioners throughout the world has a record of achievement far out of proportion to the small number of its personnel and their cost to the Government. These men devote themselves exclusively to one great mission—the promotion of the interests of American business abroad. Even our largest industrial organizations, with the best possible facilities for conducting their foreign trade, are found among the firms that have called upon the Foreign Commerce Service to solve their problems. On the other hand, no American firm is too small to enlist the conscientious and devoted efforts of those representatives in introducing their goods into foreign markets.

The "little fellows" in the export world have always relied much upon this bureau of our Government. In the most prosperous times, they can not afford to maintain foreign representatives of their own, or even to send out occasional travelers to introduce their goods. But, it may be asked, is there any good reason why a Government agency should concern itself with promoting the export trade of these comparatively small and perhaps inexperienced producers and exporters of American goods?

Mr. President, the answer to this question is emphatically in the affirmative. Our total export trade, normally running into the billions of dollars is, as we have seen, a matter of very real concern to every man and woman in the United States. But that total is not a matter of million-dollar orders. It is rather the sum of a countless number of individual transactions, both large and small. The export sales of every one of the "little fellows" are an important and integral part of the total. The builder of a house realizes that it is not only the great ornamental pillars of the façade to which he must devote his attention. No; the pillars may be an important part of the structure, but still more essential is the proper laying of each one of the thousands of little bricks that comprise the walls.



The thousands of sales, seemingly insignificant in themselves, of the great variety of American products, that are making a place for themselves in the markets of the world, are the bricks that make the walls of our great export structure; and let me emphasize again that the value of that structure, in which the whole American people has a direct or indirect share, was well over a billion and one-half dollars, even during so disastrous a year as 1932.

No one who has investigated the results of the trade-promotion work of the foreign commerce service can fail to be impressed with its effectiveness. Lest, however, the question may occur to any of you as to whether these men are finding enough to do during these days of deflated world trade, I think it worth stating that their work has actually increased, even as business has declined. Nowadays every sale abroad represents a solution of intricate special problems, due to the complicated tariff and quota systems of foreign countries and the difficulty of obtaining payment on account of drastic restrictions on foreign exchange. Let me give just one case to illustrate this point:

A southern European country, with rigid exchange control in effect, adopted the practice of authorizing importing firms, in rotation, to purchase foreign exchange to be applied to partial payments on goods purchased from abroad. In practice there was found to be a strong temptation on the part of local firms to apply this exchange to new purchases, instead of remitting it in every case to the foreign exporters for whom it was intended. In order to prevent losses to American firms through this sort of evasion, our commercial attaché in that country, on his own initiative, arranged with the central banking authorities to be notified whenever a local firm was authorized to purchase exchange for the purpose of applying it against its outstanding account with an American company.

In every case the attaché, on receipt of this notification, informs both the debtor and creditor that the exchange has been allotted. Realizing that the American official is aware that he is in a position to make the remittance, the European firm does not find it so easy to apply the funds to other purposes. This is especially true when, if the funds are not properly forwarded in due time, it hears from its American creditor—thanks to the warning of the commercial attaché.

As a result of this activity on the part of one alert commerce representative, some 120 creditor firms in the United States have been informed of authorizations to their debtors for the purchase of exchange. The total value of the collections effected already through the commercial attaché's foresight has been more than \$19,000, representing only initial installments. He is continuing the practice as exchange is allotted for the payment of subsequent installments.

This is one example out of hundreds that might be selected of special services, to meet special conditions, performed by the bureau's foreign representatives. Their work, however, is not confined to cooperating in this less agreeable phase of foreign trading. They are still engaged very directly in obtaining actual new business for American companies. I may mention an order for \$1,000,000 worth of a chemical product obtained recently by an American firm which has enthusiastically gone on record to the effect that the business was made possible only through the assistance of this Federal bureau and its foreign representatives; a sale of \$500,000 worth of American aircraft; orders abroad for \$3,000,000 worth of American fruit; a \$500,000 foreign connection for an American tobacco exporter.

The Foreign Commerce Service is effective. If anyone questions that, he need not turn to me for testimony; let him rather consult the export interests of the United States. When the House committee was considering this bureau's appropriation there appeared before it a delegation representing the whole community of American business concerned with foreign trade. This group urged consideration of its—

Unanimous opinion that further reduction (in the appropriation) would effect no savings whatever to the American people, but would definitely hamper such efforts to promote trade recovery as

we feel this bureau is and has been making in tangible and practical ways generally known and accepted by the community of American exporters.

Let me quote further from a statement embodying the sentiments of American export interests, inserted in the record by the president of the National Foreign Trade Council:

The foreign trade promotive service of the Bureau of Foreign and Domestic Commerce is an example, probably unique, of the development of a governmental agency at the direct instance of those that it was designed to serve. Its present organization represents the application of the ideas of American business itself, not the theories of Government officials as to what it ought to do for the export trader. Thus its activities are all directed along practical lines and represent work that could not be performed as well by any other agency, public or private.

Mr. President, no governmental activity could be further removed from the considerations of party politics than is the work of the Bureau of Foreign and Domestic Commerce. Yet, as a Democrat, I can not help but take pride that the foreign trade promotive work of the bureau had its inception under an able Democratic Secretary of Commerce, William C. Redfield, during the first administration of President Wilson. In 1914 Secretary Redfield recommended in his annual report that a commercial attaché service, under the direction of the Department of Commerce, be established. Congress established funds for the new service in the appropriation bill for the fiscal year 1914-15.

It was under Secretary Redfield, too, that the district office service of the bureau was created—that admirable system providing for points of contact in commercial centers throughout the United States between business men and the bureau. Since then the staff of the bureau has been increased to meet the growing demands of business itself for the new service. But the basic organization remains in the form in which it was conceived by Mr. Redfield—specialists operating abroad to stimulate the purchase of American goods and to provide current up-to-the-minute reports for the benefit of American exporters, the Washington organization as a clearing house, and to complete the circuit, the district offices ready to give immediate counsel to the business men of their communities, based on the reports from abroad and the data centralized in the divisions of the Commerce Department in Washington.

Throughout its growth the Foreign Commerce Service has been closely responsive to the requirements of business. Its establishment and subsequent development were in no sense in competition with the commercial activities of the Consular Service of the Department of State. For more than 100 years American consuls were charged, as a part of their many duties, with the promotion of American foreign trade. They made a conscientious effort to perform the service that was desired of them, and succeeded under the circumstances better than might have been expected.

But in recent years our exporters' demands for information on foreign markets and for actual assistance in selling goods abroad have increased so rapidly that a corps of commercial specialists in trading centers abroad had to be created to meet the new needs of American business.

The consular officers were not crowded out of any commercial work; there was, and there still is, more than enough to go around. In fact, under the guidance of commercial attachés and trade commissioners in the strategic cities of the world, consular reporting and promotive activity has shown marked improvement in quality. Our consular officers are charged with more than a dozen major functions, quite unrelated to commercial work. Experience has shown that they actually welcome the cooperation, in the field, of representatives of that department to which, as provided by law, their own commercial reports are submitted.

Mr. President, I am aware that there is an impression in certain quarters that the work of the Foreign Commerce Service duplicates certain activities of the Consular Service. If that were true, the facts should be known to the Secretary of Commerce, and certainly would be to the Secretary of State. It was with this in mind that the late



Senator Jones, as chairman of the Senate Committee on Appropriations, addressed an inquiry on April 1, 1932, to the heads of both departments, asking specifically whether such duplication existed.

Mr. Robert P. Lamont, at that time Secretary of Commerce, replied on April 7 that—

There is no longer any essential duplication in the functions of the two services.

Secretary Stimson wrote to Senator Jones on the same date that—

The activities of consular officers are complementary to those of the commercial attachés and trade commissioners of the Department of Commerce. In its general policy—

He continued—

the Department of State is guided by the wishes of the Department of Commerce as to the type of information desired in trade-promotion work \* \* \*

In that same communication, the Secretary of State mentioned a recently concluded coordination agreement between the two departments which, he stated—

effectively disposes of any question of duplication between the two departments.

The coordination agreement, to which the Secretary referred, recognizes the principle that—

the commercial attaché, acting under the instructions of the Secretary of Commerce, will obviously be in a position to indicate the needs of his department for trade promotional information, and he will accordingly give such guidance and assistance to the supervising consul general as may be required in order to obtain the best results in the most efficient and economical manner.

Under this plan, the American exporter now has the benefit of the closest and most efficient cooperation between the representatives of both departments abroad.

Mr. President, if a member of one's family lies gravely ill, and one calls in a specialist to supplement the efforts of the family physician, we do not accuse the specialist of duplicating the functions of the general practitioner, nor do we charge him with usurping the functions of another. The two physicians work together harmoniously, the qualifications of one supplementing those of the other. Let us think of the consul as the family physician, ready to protect American interests in a thousand ways, in whichever quarter they may be threatened. But let us grant, too, that in the complicated problems of American foreign trade to-day, the consul himself has need of the guidance and cooperation of the specialist, the trained foreign representative of the United States Department of Commerce.

#### EXHIBIT A

[From the Washington Star, February 12, 1933]

NATIONS NOW MOVING TO TAKE AMERICAN TRADE

By Harden Colfax

Reports coming to the Government from its commercial representatives abroad make it evident that the principal commercial nations of the Old World are now redoubling their efforts to secure foreign trade. They are, apparently, beginning to believe that the time is ripe to capture markets formerly served by Americans, because the American business man no longer concerns himself very much over trade with the world outside his own country.

Old World newspapers have been impressed by laments on this side over the decline in American foreign trade, our preoccupation with domestic business troubles, our efforts to check the flood of imports from countries with depreciated currencies, reduction in appropriations, and rumors that the incoming administration contemplates abolishing the commercial attaché service of the United States.

Most of the commercial nations have intensified their efforts during the past few months, not only to develop existing sales opportunities but to cooperate extensively with their own business men in long-range export campaigns. American commercial attachés, trade commissioners, and consuls abroad are reporting to Washington on these campaigns.

They tell, for instance, of the ambitious campaign of the Netherlands Bureau of Commerce and Industry, which the Government at The Hague has just authorized to double its allotment for salary and to increase its personnel by more than 30 per cent. It is also authorized to extend its commercial attaché service all over the world. Germany has begun to grant cheap credit facilities and to guarantee exports, particularly to Russia.

The Government of Canada is having considerable success in its newspaper advertising campaign to interest Canadian firms in foreign sales. Reporting that quite a number of firms in the Dominion have already developed an "export consciousness," the department of trade and commerce is spending considerable sums

on newspaper, poster, and train and steamboat advertising to preach the desirability of shipping goods abroad. One of these announcements declares that the supreme duty of every producer and every business man in Canada is to "export as much as possible whenever and wherever possible." Canada now has 34 trade commissioners in the world's greatest business centers. It is proposed to increase this number.

The United Kingdom, which already spends five times as much per capita for the promotion of foreign trade as does the United States, has reduced its appropriation for foreign-trade promotion by less than 1 per cent. The Parliament of Australia is planning to create a permanent foreign trade promoting agency. Patterned after the foreign service of our own Department of Commerce, it would have cooperating offices in the capitals of the different states of the commonwealth. The plan includes also the appointment of prominent official Australian trade commissioners to China, Japan, the Netherland East Indies, British Malaya, and the Philippines.

Italy is reported to be committed to a policy of foreign-trade promotion and the trade press is "clamoring for increased appropriations for this purpose." Japan is pushing her governmental machinery and, although the details are not yet known, it is understood that the Government at Tokyo, in order to take full advantage of the present favorable position of Japanese wares because of the fall of the yen, proposes the appointment of a number of new trade commissioners all over the world.

France is contemplating opening additional foreign trade promotion offices—one in the United States, at Chicago; another in China, at Nanking; and another at Singapore. Spain, which now maintains 20 foreign offices, will double that number shortly. Brazil maintains seven commercial attachés abroad and will soon appoint four others. Switzerland, Czechoslovakia, Norway, Denmark, Mexico, and Chile all have increased or will increase their appropriations for foreign trade promotion.

#### FEDERAL AID FOR UNEMPLOYMENT RELIEF

Mr. BANKHEAD obtained the floor.

Mr. REYNOLDS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. BARBOUR in the chair). The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Dickinson	La Follette	Shipstead
Austin	Dill	Lewis	Shortridge
Bailey	Fess	Logan	Smith
Bankhead	Fletcher	McGill	Smoot
Barbour	Frazier	McKellar	Steiwer
Barkley	George	McNary	Stephens
Bingham	Glass	Metcalf	Swanson
Black	Glenn	Moses	Thomas, Idaho
Blaine	Goldsborough	Neely	Thomas, Okla.
Borah	Gore	Norbeck	Townsend
Bratton	Grammer	Norris	Trammell
Brookhart	Harrison	Nye	Tydings
Bulkey	Hastings	Oddie	Vandenberg
Bulow	Hatfield	Patterson	Wagner
Byrnes	Hayden	Pittman	Walcott
Capper	Hebert	Reed	Walsh, Mass.
Caraway	Hull	Reynolds	Walsh, Mont.
Clark	Johnson	Robinson, Ark.	Watson
Coolidge	Kean	Robinson, Ind.	White
Costigan	Kendrick	Russell	
Couzens	Keyes	Schuyler	
Davis	King	Sheppard	

The VICE PRESIDENT. Eighty-five Senators have answered to their names. A quorum is present. The amendment reported by the committee in the nature of a substitute is open to amendment.

Mr. WAGNER. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from New York?

Mr. BANKHEAD. I yield.

Mr. WAGNER. I desire to offer an amendment in the nature of a substitute, and ask that it may be pending.

Mr. WAGNER's amendment was, to strike out all after the enacting clause of the bill and insert:

That subsection (a) of section 1 of the emergency relief and construction act of 1932 is hereby amended by striking out "\$300,000,000" wherever it appears and inserting in lieu thereof "\$600,000,000."

Sec. 2. (a) The first sentence of subsection (b) of section 1 of such act is amended by inserting before the words "Puerto Rico" the words "the District of Columbia,".

(b) The last sentence of subsection (b) of section 1 of such act is amended to read as follows: "before any amount is paid under this section to the Commissioners of the District of Columbia, or to the Governor of Puerto Rico or of the Territory of Alaska, the District of Columbia, Puerto Rico, or the Territory of Alaska shall enter into an agreement with the corporation for the repayment of such amount with interest thereon as herein provided, in such installments and upon such terms and conditions as may be agreed upon."



SEC. 3. (a) The first sentence of subsection (c) of section 1 of such act is amended to read as follows:

"The governor of any State or Territory may from time to time make application for funds under this section, and in each application so made shall certify the necessity for such funds to supplement the relief resources of the State or Territory, the steps taken by the State or Territory, its political subdivisions, and private agencies, to meet the relief needs of the State or Territory, and the purposes for which the funds requested upon this section will be used."

(b) Subsection (c) of section 1 of such act is further amended by adding at the end thereof the following new sentence: "No part of the amounts paid to the governor of a State or Territory under this section shall be used for the payment of administrative expenses incurred in furnishing relief and work relief under this section."

SEC. 4. Subsection (f) of section 1 of such act is amended to read as follows:

"(f) As used in this section the term 'Territory' means Alaska, Hawaii, Puerto Rico, and the District of Columbia; and the term 'governor' shall include the Commissioners of the District of Columbia."

SEC. 5. Section 1 of such act is further amended by adding at the end thereof the following new subsection:

"(g) For the purposes of this act, the provisions of section 13 of the act entitled 'An act providing a permanent form of government for the District of Columbia,' approved June 11, 1878 (D. C. Code, title 20, ch. 4, sec. 622) (relating to increasing the indebtedness of the District of Columbia), are hereby declared inoperative."

SEC. 6. Such act is further amended by adding after section 1 thereof the following new section:

"SEC. 2. (a) The Reconstruction Finance Corporation is further authorized and empowered to make available out of funds of the corporation the sum of \$15,000,000, under the terms and conditions hereinafter set forth, to the several States and Territories, to be used in furnishing relief and work relief to unemployed and needy transients, and to aid in their rehabilitation in training and work camps, or otherwise. Such sum shall be available for payment to the several States and Territories for the purposes of this section, upon application therefor by them through their governors (or, in the case of the District of Columbia, through the Commissioners of the District of Columbia) or such public relief agencies as the legislatures thereof (or, in the case of the District of Columbia, the Congress) may designate, and upon approval of such applications as hereinafter provided.

"(b) Any State or Territory which desires to receive funds under this section shall set forth in its application the need for such funds, the plan by which it proposes to administer such funds for the relief and rehabilitation of transients, and such other information with respect to its transient problems as the corporation may by regulation prescribe. Upon approval by the corporation of any such application in whole or in part, it shall make an estimate of the amount needed by the applicant for the purposes of this section for a reasonable period in advance. The amount so estimated shall be immediately paid by the corporation to the proper State or Territorial officials. Each amount so paid shall be considered as an outright grant to the State or Territory receiving the same, but the officials of the State or Territory who administer the amounts received under this section shall file with the corporation a statement of the disbursements made by them for the purposes of this section.

"(c) As used in this section the term 'Territory' means Alaska, Hawaii, Puerto Rico, and the District of Columbia."

SEC. 7. Paragraph (1) of subsection (a) of section 201 of such act is amended to read as follows:

"(1) To make loans to, or contracts with, States, municipalities, and political subdivisions of States, public agencies of States, of municipalities, and of political subdivisions of States, public corporations, boards and commissions, and public municipal instrumentalities of one or more States, to aid in financing the construction, reconstruction, replacement, extension, or improvement of projects authorized under Federal, State, or municipal law which, in the opinion of the corporation, are needful and in the public interest, such loans or contracts to be made through the purchase of their securities, or otherwise, and for such purpose the Reconstruction Finance Corporation is authorized to bid for such securities; *Provided*, That nothing herein contained shall be construed to prohibit the Reconstruction Finance Corporation, in carrying out the provisions of this paragraph, from purchasing securities having a maturity of more than 10 years;"

SEC. —. Paragraph (2) of subsection (a) of section 201 of such act is amended by inserting immediately before the semicolon a comma and the following: "and to make loans to finance the construction of housing projects for families of officers of the United States Army, Navy, and Marine Corps, which are self-liquidating in character."

SEC. 8. Paragraph (3) of subsection (a) of section 201 of such act is amended to read as follows:

"(3) To make loans to private corporations to aid in carrying out the construction, replacement, or improvement of aircraft suitable for overseas transport and port facilities essential thereto, bridges, tunnels, docks, viaducts, waterworks, canals, reservoirs reasonably essential to the operation of such canals, and markets, devoted to public use and which are self-liquidating in character, and to make loans to private corporations formed wholly for the purpose of developing cooperative community farming and crop

marketing to aid in financing projects undertaken by such corporations which are self-liquidating in character;"

SEC. 9. Subsection (a) of section 201 of such act is further amended by striking out "(other than by taxation)."

SEC. 10. Subsections (c) and (d) of section 201 of such act are amended to read as follows:

"(c) In order that the surpluses of agricultural commodities and livestock (including products manufactured directly therefrom) may not have a depressing effect upon current prices of such commodities and products, the corporation is authorized and directed to make loans, in such amounts as may in its judgment be necessary, for the purpose of financing sales of such surpluses in the markets of foreign countries in which such sales can not be financed in the normal course of commerce; but no such sales shall be financed by the corporation if, in its judgment, such sales will affect adversely the world markets for such commodities and products: *Provided, however*, That no such loan shall be made to finance the sale in the markets of foreign countries of cotton owned by the Federal Farm Board or the Cotton Stabilization Corporation.

"(d) The Reconstruction Finance Corporation is authorized and empowered to make loans to bona fide institutions, organized under the laws of any State or of the United States and having resources adequate for their undertakings, for the purpose of enabling them to finance the carrying and orderly marketing of agricultural commodities and livestock produced in the United States, and the products manufactured directly therefrom."

SEC. 11. Subsection (f) of section 201 of such act is amended by striking out the period at the end thereof and inserting in lieu thereof a semicolon and the following: "but in determining the adequacy of security offered by a borrower applying under subsection (a) of this section the board may, in its discretion, accept as adequate security under this section, a lien on, or other satisfactory assurances of the application of, so much of the revenues from the project as may be required to meet interest payments during the period of the loan and assure refunding within a reasonable period: *Provided further*, That each loan made under paragraphs (1) to (5) of subsection (a) of this section after this subsection, as amended, takes effect, shall bear interest at a rate not exceeding one-half of 1 per cent more than the rate of interest established for the last issue of bonds of the United States preceding the making of such loan."

SEC. 12. The second proviso of subsection (g) of section 201 of such act is amended by striking out "(1) or (5)" and inserting in lieu thereof "(1), (2), or (5)."

SEC. 13. Subsection (h) of section 201 of such act is hereby amended to read as follows:

"(h) The corporation may make loans under this section at any time prior to January 23, 1934: *Provided*, That nothing herein shall prevent the corporation from issuing funds to a borrower prior to January 23, 1939, under the terms of any agreement with the borrower made prior to January 23, 1934."

SEC. 14. Section 201 of such act is further amended by adding at the end thereof the following new subsection:

"(k) The Reconstruction Finance Corporation is authorized to make available out of the funds of the corporation a sum not exceeding \$5,000,000, which may be used by the corporation for the purpose of enabling and assisting established credit insurance organizations in the United States to provide export credit guaranties upon such terms and conditions as may be agreed upon between the corporation and such credit insurance organizations."

SEC. 15. Paragraph (1) of subsection (a) of section 301 of such act is amended by striking out "July 1, 1933" and inserting in lieu thereof "January 1, 1934."

Amend the title so as to read: "A bill to amend the emergency relief and construction act of 1932."

Mr. BANKHEAD rose.

The VICE PRESIDENT. The original amendment is first open to amendment. Has the Senator from Alabama an amendment that he desires to offer to the committee amendment?

Mr. BANKHEAD. Yes.

The VICE PRESIDENT. The Senator will send it to the desk.

Mr. BANKHEAD. It is on the desk.

Mr. ROBINSON of Arkansas. Mr. President, a parliamentary inquiry. What is the pending question?

The VICE PRESIDENT. The committee amendment as amended is open to amendment.

Mr. ROBINSON of Arkansas. Very well. The first amendment of the Senator from New York has been agreed to?

The VICE PRESIDENT. That has been agreed to.

Mr. ROBINSON of Arkansas. The Senator from New York has now offered a substitute for the committee amendment?

The VICE PRESIDENT. He has offered a substitute for the committee amendment as amended, but before that may be voted upon the amendment of the committee itself as amended is open to further amendment.



Mr. BANKHEAD. Mr. President, I submitted the amendment yesterday. It has been printed and is on the desk.

The VICE PRESIDENT. Let the amendment to the amendment be read.

The CHIEF CLERK. The Senator from Alabama [Mr. BANKHEAD] offers an amendment proposing to strike out section 2 and in lieu thereof to insert:

SEC. 2. The Secretary of the Treasury shall cause to be engraved and printed currency of the United States in the form of stamped money certificates. Said certificates shall be in the denomination of \$1 each, and the issue shall be limited to \$1,000,000,000. Said certificates shall be of a suitable size to provide space on the backs thereof for affixing 52 postage stamps. The backs of said certificates shall be prepared in such manner as to indicate clearly the proper place for affixing each stamp contemplated herein, to the end that on the second Wednesday after the issuance of said certificates from the Treasury the first stamp shall be affixed, and thereafter on each Wednesday until a total of 52 stamps shall be affixed; and said certificates in the spaces designated for affixing said stamps shall set forth the day of the month and year when each such stamp shall be affixed, as for example:

"On April 5, 1933, affix 2-cent stamp here."

The face of said certificates shall set forth substantially the following:

"This certificate is legal tender for \$1 for payment of all debts and dues, public and private, customs, duties, and taxes: *Provided*, That on the date of its transfer there shall be affixed 2-cent postage stamps for all dates prior to such date of transfer, as set forth in the schedule on the back hereof. When fifty-two 2-cent postage stamps shall have been affixed this certificate shall be redeemable at any post office for \$1 lawful money of the United States."

(a) The Secretary of the Treasury is authorized in his discretion to issue the certificates directed to be issued hereunder in monthly or semimonthly installments, all of like tenor and effect except that the schedule for the affixing of the stamps on the back of said certificate shall bear dates for the affixing of stamps appropriate to the date of the issue of each such installment of certificates.

(b) When such certificates appropriately stamped in full shall be presented to the Secretary of the Treasury for redemption he shall certify to the Postmaster General from time to time the amount of certificates so presented for redemption, and the Postmaster General shall thereupon pay to the Secretary of the Treasury out of the funds arising from the sale of stamps the sum of one dollar for each such certificate so redeemed, whereupon said certificates shall be destroyed.

(c) Prior to the issuance of the first installment of certificates hereunder the Secretary of the Treasury is directed, by posters to be hung in post offices and other public places, and by advertising in newspapers and magazines, to advise the public of the contemplated issue of these certificates, with appropriate directions to the public with reference to the affixing of stamps, the legal tender quality of the certificates, their redemption feature, and all such similar information. There is hereby appropriated for the use of the Secretary of the Treasury to defray the cost of such advertising the sum of \$100,000.

(d) When such certificates shall have been issued by the Secretary of the Treasury the person holding the same on and after 12.01 o'clock antemeridian of the first Wednesday set forth in the schedule on the back of said certificates, shall affix in the space therein provided a 2-cent postage stamp of the United States. Prior to such time said certificates in the hands of all holders shall be legal tender for the payment of all debts for the sum of \$1. After affixing the first stamp said certificate shall be legal tender as aforesaid for the payment of all debts until the following Wednesday when another 2-cent postage stamp of the United States shall be affixed by the person holding the same prior to 12.01 o'clock antemeridian of such Wednesday, and thereafter for 50 consecutive additional Wednesdays like postage stamps shall be affixed by the holders. At all times when there shall be affixed all such postage stamps as are required to be affixed on the back of such certificates prior to the date of transfer, such certificates shall be legal tender as aforesaid for the sum of \$1. When fifty-two 2-cent stamps shall have been affixed on the back thereof the holder may present the same to any post office in the United States for redemption, and the same shall be redeemed by such post office in any present lawful money of the United States. All post offices in the United States are hereby charged with the duty of making such redemption and of forwarding such certificates for cancellation to the Secretary of the Treasury.

(e) With respect to such certificates as shall become unfit, through use, for further circulation, the Secretary of the Treasury and the Postmaster General are authorized and directed to provide for the exchange of such worn-out certificates for new certificates, and to make all regulations required for that purpose.

(f) It is declared to be against the public policy of the United States to provide in any contract executed subsequent to the date of this act that the certificates to be issued under this act, or any like issue, shall not be received in the discharge of such contract, and all such provisions in such contracts are hereby declared null and void.

(g) Said certificates, when accepted by the Government, shall be promptly reissued by any department or agency of the Government receiving the same.

(h) In transactions of less than \$1 such certificates are not legal tender unless stamped by the person tendering the same for one additional week after tender.

(i) Banks of deposit receiving such certificates as deposits may charge 2 cents for each certificate so deposited as a service charge.

(j) The Secretary of the Treasury and the Postmaster General are authorized to promulgate regulations for carrying out the provisions of this act.

(k) If and when the wholesale commodity price level of all commodities, included by the Bureau of Labor Statistics in computing index numbers of wholesale prices, shall equal 80 per cent of the average index number for the year 1926, then, anything to the contrary herein notwithstanding, the Secretary of the Treasury is directed to discontinue the issuance of certificates hereunder, and such certificates as are then outstanding shall be retired as the same are presented for redemption or replacement of worn-out certificates.

(l) Five hundred million dollars of the amount made available under section 2 of this act shall be apportioned among the States on the basis of population according to the fifteenth decennial census. This amount is made available as herein provided in addition to the amount made available to the States under section 4

(a) of this act. The amount so apportioned to the States shall be delivered to the governor of the State applying for the apportionment made to his State, upon application being made therefor by the governor. The amount apportioned to a State shall be administered within the State under rules and regulations adopted by the governor thereof and through such agencies as he may establish. The amount apportioned to a State may be by the governor thereof apportioned to the counties, and/or to the municipalities of said State, and may be used in construction work or for emergency relief as defined in section 11 of this act.

On page 14, line 6, after the word "act," strike out the period, insert a comma, and add "except as herein otherwise provided."

On page 15, line 21, strike out "forty," and insert in lieu thereof "twenty."

On page 16, line 8, strike out the words "The balance of the amount made available under section 2 (a) of this act" and insert in lieu thereof the following: "Thirty per cent of the amount made available under section 2 of this act."

Mr. BANKHEAD. Mr. President, the Bible says, "The love of money is the root of all evil." I think that statement may safely be paraphrased at this time by saying that a lack of money is the cause of most of our present troubles. We hear at all times nowadays discussion of the money question. We know the very great and difficult problems that are confronting our country, growing out of our situation with reference to money. Bank credits since 1929 have contracted in the neighborhood of \$13,000,000,000, and are daily growing smaller and smaller. Nearly every day information comes to us about the condition of banks in the various sections of the country. It is not my purpose, Mr. President, to make any statement here that will tend in any way to aggravate the situation or to increase the state of alarm that so widely exists throughout the country, but we do know, without going into detail, the money condition in this country.

We have now a theoretical circulation of as much as or more money outstanding from the Treasury than we had in 1929; but Mr. President, we are confronted with the unfortunate situation that \$300,000,000 of that circulation, as estimated by the Federal Reserve Board, is in foreign countries; that \$100,000,000 of it has been lost; and that more than \$2,000,000,000, in my opinion, is being hoarded; so that we are really without a sufficient circulating medium in actual use.

So far as the hoarded money is concerned, it might as well be idle in the vaults of the Treasury and not be outstanding. We not only have the tremendous contraction of bank deposits, as has been indicated, but a large proportion of the deposits of the banks are also hoarded, hoarded by the banks themselves as well as by the holders of savings certificates and by even the holders of checking deposits. So there is not in actual use a sufficient quantity of money to conduct the business of the country, and, as a result of the constantly shrinking volume of currency in actual use, our banks are getting weaker and weaker every day; the prices of commodities continue to fall, and business is being further contracted.

We hear talk all around about the necessity of some form of inflation. We shall have to come to that question and deal with it sooner or later, Mr. President. We shall either have to take some positive, affirmative action on that subject, or decide that we will go through the painful, distress-



ing, heart-breaking process of complete liquidation in this country.

If we are going to liquidate, why not let liquidation go on now and take its regular course? If we are going to let the farmers lose their farms, if we are going to let the town people lose their homes, if we are going to let bank after bank continue to fail, if liquidation is to be the ultimate result, why not abolish the Reconstruction Finance Corporation? Why not quit pouring money into various institutions like pouring water into a rat hole? Why further involve the credit of the Nation and further burden the taxpayers of this country if it is merely to be used as a braking process to let the liquidation take place slower and slower?

Mr. President, if there is to be liquidation, I want to point out to the gentlemen who are coming here and telling us to balance the Budget and to save the gold standard—and I favor both if it is possible to do so—that if liquidation goes to its ultimate end, not only will the farmers and the small business men in this country be liquidated, but inevitably the cities, the States, the counties, and the Government itself will be liquidated; and the time will come when it will be impossible to collect enough taxes from the taxpayers of this country, after having lost their property, to pay the interest or the sinking fund upon the bonds of our cities, counties, States, and the United States.

That is exactly what we are heading for, unless, through some intervention, through some plan or measure which might be devised by Congress or by some international action, there comes about a restoration of business, an increase in commodity prices, a renewal of the employment of those now upon the unemployed list.

I am wondering if the Senate and the Congress are without sufficient vision, without sufficient courage, without sufficient boldness and daring, to intervene and take some action that will give the people of this country at least new hope. They are patient. Nobody can complain of the attitude of the American people under prevailing conditions, but they are waiting upon this Congress, Mr. President; and let me point out that in all great stirrings of the hearts and the souls of a people some leader, somewhere, somehow, has risen up to lead that feeling and to bring about action in accordance with a concerted and combined will of action by the people.

We, of course, are now, and millions of people in this country are to-day, looking forward with confidence to the leadership of Governor Roosevelt when he goes into the presidential chair. They are hopeful that under his leadership something will be done to stay these economic forces that are bearing down with unbearable weight upon the backs of the people of America.

Mr. President, in collaboration with Congressman PETTENGILL, of Indiana, I have put in form and offered here as an amendment the plan sponsored by Prof. Irving Fisher for the issuance of stamped scrip money. The standing of Professor Fisher as an economist is well known throughout this country. He has given to this subject very great thought, and he looks upon the measure as the most hopeful one that is available for temporary relief, for bringing about a revival in business, and as involving less evil consequences than any other plan that has been proposed.

Under this amendment which is offered, in the first place, provision is made for the issuance of \$1,000,000,000 of \$1 bills in the form of stamped money or stamped scrip, to be used in the way of relief as provided in the Costigan-La Follette bill. It is proposed to substitute this \$1,000,000,000 of stamped money in lieu of the \$500,000,000 which this bill provides for taking out of the Federal Treasury. It will therefore appear that with the substitution of this plan, in the first place, there is no drain upon the Federal Treasury in the matter of providing the much-needed emergency unemployment relief.

Instead of its tending in any way to unbalance the Budget by reason of this appropriation, it operates to create a profit for the Treasury of around \$40,000,000.

In the second place, let me say to those who so ardently worship the gold standard, those who shake either with

anger or with some other form of emotion whenever anything is suggested or proposed that may in the slightest way imperil the gold standard, that the money proposed to be issued under this plan calls for no gold coverage, is not redeemable in gold, has no bearing upon the gold standard, and in no way imperils that system of money which is so vigorously defended, whenever any suggestion is made that imperils it, by those who believe in that gold formula as some of us do in the Bible.

Mr. DAVIS. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. BARBOUR in the chair). Does the Senator from Alabama yield to the Senator from Pennsylvania?

Mr. BANKHEAD. I yield.

Mr. DAVIS. If I understand the Senator's proposal, the application of 2-cent stamps on this sort of money constitutes a sort of inverted sales tax, does it not? That is, the holders apply 2-cent stamps on it. Anyone that has to do with the handling of this money, when he passes a dollar bill, places a 2-cent stamp on it; and, as I have already said, it is a sort of inverted sales tax.

Mr. BANKHEAD. That is true.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator a question?

Mr. BANKHEAD. Yes.

Mr. ROBINSON of Arkansas. Has the amendment which the Senator proposes been considered by any standing committee of the Senate?

Mr. BANKHEAD. It has not. I will say to the Senator with perfect frankness that I have no illusions about the disposition to be made of this amendment. I know how reluctant this body is—and it may be right; I am not saying that in a critical way—to embark upon any plan of government, especially as it applies to our currency system, which is not approved by the bankers of the country. I know the resistance that any proposal encounters in this body when reference is made to a system that the bankers of this country claim they have the right to control. But let me proceed, Mr. President.

Mr. SHIPSTEAD. Mr. President, will the Senator yield before he proceeds?

Mr. BANKHEAD. I shall be glad to yield.

Mr. SHIPSTEAD. The Senator, of course, is aware of the fact that what he is now saying is blasphemy to the worshippers of the golden calf.

Mr. BANKHEAD. Yes. I think the Senator realizes that from the way I have talked.

It is not my purpose to assail the gold standard. I hope it may be maintained. I hope that consistently with humanity it may be maintained; but, Mr. President, I am more concerned in saving our social fabric. I am more concerned in saving our representative form of government. I am more concerned in preserving respect for the law and obedience to the law. I am more concerned in avoiding resistance by force to our Government than I am in maintaining a standard which, since it first was used, has acted like a drunken man. It has staggered, it has stumbled, it has fallen from time to time, and has proven itself to be, instead of a measure of value, nothing but a value of weight.

But, passing that, the gold standard is not involved here. This provision requires, as brought out by the Senator from Pennsylvania [Mr. DAVIS], that a 2-cent stamp shall be placed upon a dollar bill every Wednesday for 52 consecutive weeks. The certificate is made by this measure a legal tender for the payment of all public and private debts, taxes, collections, customs, and dues. There is no question, under that provision, about the money moving in circulation. The tax placed upon it—the stamp required to be put upon it—is a tax upon hoarding. The money will not go into the banks to stay there, as money is going now, where depositors have sufficient confidence in the banks. It will not go into the safety-deposit boxes and socks and other hiding places, where more than \$2,000,000,000 has gone, and more is going every day.

The requirement for the placing of a 2-cent stamp every week upon that dollar as a tax guarantees that the dollar



will move, when it comes into anyone's hands, before the following Wednesday. It is not a drain upon the Treasury, as I have indicated. It is self-liquidating money. It does not cost the taxpayer anything to redeem it. It does not ask for gold back of it to sustain it. When the 52 stamps are placed on the dollar the Government has in its possession, through the sale of those postage stamps, \$1.04 in money with which to redeem the \$1 bill.

Mr. President, I have heard the statement made frequently that the trouble is not the lack of a sufficient circulating currency. I have dealt with that from one standpoint. It is said that the trouble is a lack of velocity in circulation of the currency, and that is true. Nobody doubts that there is a paralysis in the matter of circulation. The velocity has almost disappeared. It is contended that that lack of velocity in the circulation of money is the main trouble. Then I point out to those interested in the subject that if that is the sore spot in our present currency system here is a plan which would absolutely remove and eliminate that objection and that difficulty.

I am proposing the issuance of money which, when it gets into circulation, amounting to a billion dollars, will turn over two or three times every week, and pass from hand to hand in the purchase of goods, in the payment of debts, in the payment of taxes, in the payment of pay rolls, in the payment for public works as it gets out in the beginning, so that it may turn over five or more times a week, and if it turns over only three times a week, that means \$3,000,000,000 a week.

Mr. REYNOLDS. Mr. President, will the Senator yield to me?

Mr. BANKHEAD. With pleasure.

Mr. REYNOLDS. As I understand the matter, the Senator proposes to have the Government issue a billion dollars?

Mr. BANKHEAD. Yes.

Mr. REYNOLDS. And that means 1,000,000,000 dollar certificates?

Mr. BANKHEAD. Yes; \$1 bills.

Mr. REYNOLDS. Let us suppose that I am indebted to John Jones in the sum of \$500, and am anxious to make liquidation of that amount. I believe that under the Senator's plan I go to the post office and secure there 500 different money certificates, for which I pay \$10, by way of making purchase of five hundred 2-cent stamps, and then I place one of those 2-cent stamps upon each of the 500 certificates. Is that true?

Mr. BANKHEAD. That is correct, so far as the stamps are concerned.

Mr. REYNOLDS. Then with the 500 money certificates in my hand, I proceed immediately to the home of John Jones, to whom I am indebted in the sum of \$500, and I then and there lay down these 500 certificates. How are we to compel John Jones to accept, as payment of a \$500 debt, that which I have purchased for only \$10?

Mr. BANKHEAD. The Senator will not have gotten it for \$10.

Mr. REYNOLDS. I paid 2 cents for each of the stamps.

Mr. BANKHEAD. But the Senator paid to get the money, besides the stamps.

Mr. REYNOLDS. What, in addition?

Mr. BANKHEAD. How did the Senator get the money?

Mr. REYNOLDS. As I understand it, under the Senator's measure I secure these money certificates at the post office.

Mr. BANKHEAD. No. That is where the Senator is in error.

Mr. REYNOLDS. I should like to have the Senator advise me.

Mr. BANKHEAD. The plan contemplates the use of half of this money and its distribution, I will say, under the relief plans provided in the Costigan-La Follette bill for emergency unemployment relief, for giving employment in any form of public works that are available, in the purchase of goods, food, clothing, and other necessary supplies. In other words, half of it is to go out in distribution through exactly the same channels, for exactly the same purposes, through exactly the same agencies, as provided

in the Costigan-La Follette bill for the distribution of the \$500,000,000 provided in that measure.

The other half is to be made available to the governors of the respective States on the basis of population, the allotment of a State to be turned over to the governor upon his application for use by him, either by allotment to counties or municipalities for public works construction, such as roads, sewerage, and matters of that kind, or for distribution otherwise as provided in the Costigan-La Follette bill; the object all the way through being, of course, that the money is to be used as far as possible to give employment, so that it can be earned as payment for services rendered.

Therefore if my friend the Senator from North Carolina had 500 of these bills, it would have been necessary for him to have acquired them, as he is not upon the unemployment list—and I know he is employed dealing with office hunters from his home. If he were on the unemployed list, he would not have as many as 500 dollar bills, and whatever number he did have, he would get them in a legitimate way, and not primarily as a gift. But when they pass on out through this unemployment relief program, when they get into the hands either of the merchants who sell supplies for the unemployed, or when they get into the hands of laborers who do work upon public-works programs which are contemplated here, into whosoever hands they get, they will go to the stores in the purchase of goods, they will go from the merchant to the jobber, from the jobber to the wholesaler, from the wholesaler to the manufacturer, and the manufacturer will buy raw materials.

The mere fact of a turnover of \$3,000,000,000 a week, if used throughout the United States in the purchase of goods primarily, in the payment of debts, in active, hurrying circulation, every holder being anxious to pass the bills on before the stamp-tax day comes around, with that type of velocity stirred to a boiling point, the bills will pass with great rapidity in every community through every channel of trade in the United States.

Mr. President, what would be the effect of that? We all know the effect of an active use of a large sum of money in trade. It starts up buying power. The merchants would be ready to buy now if they knew there were customers able to pay. As soon as trade is stimulated in stores, the merchant puts in orders to the wholesaler for goods, the wholesaler puts in orders to the factories for goods, the factories order raw materials of all types used in the manufacture of industrial commodities. It would stimulate traffic upon the railroads in the hauling of raw materials, and then in the hauling of the manufactured goods, and all up and down in every channel in the country, just like the circulation of blood in the body, there would be stimulated trade activity, there would be provided this great sum of money which would be liquidating itself through the activity of those who used it, and this great sum of money would be provided thereby for the liquidation of debts.

Mr. President, so many people owe others, and others owe them. Neither can pay. If one could pay, the next could pay; and in that way, by keeping the money in a stream of circulation, it would undoubtedly follow that literally many billions of dollars of the present crushing indebtedness would be reduced or paid in full.

Mr. VANDENBERG. Mr. President, will the Senator yield to me?

Mr. BANKHEAD. I am glad to.

Mr. VANDENBERG. While I was out of the Chamber the Senator may have covered the point I desire to inquire about; but I am wondering why he stopped at \$1,000,000,000.

Mr. BANKHEAD. Mr. President, I know what the Senator has in mind. There are two reasons why, in the exercise of my judgment, I stopped where I did. In the first place, I thought that a billion dollars would circulate so fast that it would stimulate business in such a great way that it would increase commodity prices so fast that it would be necessary to stop the commodity index price at some reasonable point before it got back to the price of 1926.



Mr. President, I did not make the figure higher for another reason. I knew the claim that would be made about the danger of inflation. While it may be that a larger sum could be used, I knew that the larger the sum included in this bill the less likelihood there would be of a Congress conservative on the currency question adopting any amount. I figured that a billion dollars would be adequate and sufficient for the purposes, and for that reason I did not include a larger amount.

Mr. VANDENBERG. Of course, the thought that was in my mind was that if we open the door to a billion dollars' worth of scrip we may never be able to close it again.

Mr. BANKHEAD. So long as the people pay the price of it, is any injury done? So long as they liquidate it themselves, with their own tax, so long as those who use it liquidate it and get the benefit of it, is any serious damage done?

Of course, the plan is intended solely to operate to check in some way the constant decline of prices and contraction of credit, to serve, if you please, as a temporary self-liquidating plan, and not as a permanent plan in our currency system. If it has any benefit—if it furnishes a medium of circulation for the purchase of the necessities of life and for the payment of debts—then I submit it is reasonable to assume that a new confidence will be established. If prices are stopped in their constant decline and perhaps started upward, people will again begin to buy with the money that they have, because we all know they postpone purchases so long as it looks like prices may continue to decline.

Mr. VANDENBERG. Mr. President, will the Senator yield further?

Mr. BANKHEAD. With pleasure.

Mr. VANDENBERG. If the attractiveness of the scheme should become contagious and the Senator's enthusiasm for it likewise should become contagious and we should reach, let us say, a total of \$10,000,000,000 of scrip, does the Senator think we would be approaching a point where the scrip would cease to carry a safe value generally?

Mr. BANKHEAD. It might approach the point of saturation and, of course, if it did we would not issue any more.

Mr. VANDENBERG. Does the Senator think there is a menace, because of the very situation which we are now discussing, in attaching Federal auspices to a proposition of this nature? If I may amplify the question, I have studied most sympathetically the entire proposition for sometime and I have come to the conclusion that it is thoroughly practical, for instance, within a municipal unit on the basis of municipal offices and dealing with municipal pay rolls, and so forth, because there is no opportunity for confusion as between the scrip and actual money. Does the Senator feel that he is opening the door to no menace or hazard whatever when he has scrip and currency on the same Federal basis?

Mr. BANKHEAD. I can not see any reason why there should be confusion. The forms of the money in the first place will be different. One side of the scrip does not look like money at all. It simply contains a certificate that it is legal tender, as pointed out in the bill, with spaces upon which stamps will be affixed. I can not conceive that there could be any confusion by anybody capable of handling even \$1 bills, about whether this money was the stamped scrip or the present legal currency.

Mr. VANDENBERG. I did not use the word "confusion" in respect of the physical aspect of money. I was thinking of the menace of two types of Federal money, one competing against the other ultimately, as all cheap money competes with dear money. The Senator is undertaking to differentiate this entirely as being different from money. I am wondering whether he succeeds in escaping that confusion, using "confusion" in that sense?

Mr. BANKHEAD. I fear the Senator misunderstood my statement. I have attempted to distinguish it as a different type of money, and I have clearly pointed out that it is legal tender and therefore is a money which the Constitution authorizes Congress to issue. In other words, we have various forms of money now. We have gold certificates,

silver certificates, gold dollars, and silver dollars. One is just as much a legal tender as the other. One is as much a part of our currency system as the other. Each is recognized because of the familiarity of the people with them over long years of use.

The difficulty, permit me to point out to the Senator, and the point for which I am seeking here a remedy, is this. It is not my remedy. It is not Prof. Irving Fisher's remedy. It started in Austria and Germany, but Professor Fisher has taken it up, and I am adopting it from him. The thing for which we are seeking a remedy is to get money in some form that does not impair the gold standard, that will stay out of hoarding, that will not find its way into the banks to rest, but will keep moving day after day in the purchase of goods and the payment of debts.

We can not do that with our present currency. We all know that during the last year we have issued nearly \$1,000,000,000 of currency. In 1929 we had slightly less than \$5,000,000,000 of currency in circulation. Now we have \$5,600,000,000. But we know it is not in circulation. We know why that quantity of money has been issued since 1929. A great deal of it has been issued, under the Glass-Steagall bill and the Glass-Borah amendment, backed by the credits of the Government on its bonds. But it has been issued, even though it may have but a 40 per cent gold coverage, simply because money in such great quantities was finding its way into hiding.

As depositors day after day went to their banks and called for currency and it was handed to them, the available quantity of currency became exhausted.

There was not enough available for this great hoarding and also to provide the ordinary average quantity for pocket and till purposes. Therefore, we had to resort to the issuance of new currency, but it keeps going the same way. I do not know how much longer it will continue to find hiding places.

I am one of those who believe that the most effective thing the Congress could do would be to place an absolute guaranty of \$1,000,000,000 or more to guarantee the depositors in the banks of the country. I think we are wasting our efforts by trying to sustain banks here and there as they grow feebler and feebler and are about to fall over the precipice. We are permitting banks here and there to fail, and that discourages depositors in other banks throughout the country. Credits are contracted as a result of the fear of the banks. The people are frightened and they either can not or will not buy goods. So the contraction goes on, and the danger all the time to our business fabric is the situation of the banks of the country.

In my judgment, Mr. President, we can save a great amount of money, considered from that standpoint alone, if we boldly enact a law here by so placing \$1,000,000,000 or more guaranty behind bank deposits and taking all the money the Reconstruction Corporation is using in self-liquidating projects and trying to sustain failed or failing banks, and let all the depositors and all the banks of the country know that no other depositor in a bank would lose his deposit. In my judgment, with that notice to the country, depositors would not only quit withdrawing their funds, but we would induce the hoarders, who are keeping their money hidden now and out of the banks, to carry their money back to the banks. That in itself would not only strengthen the banks, but would create an additional basis of bank credit and stimulate business and in my judgment it would come nearer stopping this day-by-day sliding downward over the precipice.

But apparently those who are dealing with banking and credit here propose to take the route of giving credit here and there. I would take the other route if I had my way. But being unable to secure any such guaranty which would bring a restoration of confidence to the depositors and the hoarders, then I say that it is essential that we do find some other form of exchange between the people and to find some form of currency, some form of money, which will be used and accepted for the purchase of goods and must be accepted for the payment of debts and which will not



be hoarded and which will liquidate itself. The plan has been brought here for the consideration of the Senate.

As I said in the beginning, I have no illusion about the attitude of the majority of the Senate upon any question that is not approved by those who hold the gold standard as sacred. This has been tested here time and time again. I know what disposition will be made of the proposition at this time. I have presented it merely in the hope that it may be given thoughtful consideration by those who are seriously and anxiously looking for some way to save our social and political institutions.

It is easy to reject and it is the custom here to reject, but if I am wrong I want to know it just as much as anybody in the world. I have no pride of opinion in this matter, because it is not of my origin. After careful study I am convinced that its adoption would be of tremendous value and service to the people of the country.

If anybody points out any vital error in the scheme, any weakness or fallacy in it, any reason why it would not operate as I believe and have indicated I think it will operate, I should be happy to receive such a thought, because I know we must not make many more bad mistakes. But I do believe, Mr. President, that we need action. We need to do something. We need to move in some direction. We need to travel some new road.

Mr. REYNOLDS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from North Carolina?

Mr. BANKHEAD. I yield with pleasure.

Mr. REYNOLDS. Let us say that I have in my possession at this time 500 of these certificates. Upon each of the certificates there have been placed twenty-six 2-cent stamps. It is my understanding of the Senator's proposal that none of the certificates is redeemable until the required and designated number of 52 stamps are on each of the certificates.

Mr. BANKHEAD. That is correct, because the man who paid a dollar for it in goods or services at the time there are only 26 stamps on it is entitled to pass it on.

Mr. REYNOLDS. As I understand it, I have in my possession 500 certificates each bearing 26 stamps. None of those certificates is redeemable until after the last of the 52 stamps has been placed on it.

Mr. BANKHEAD. That is correct.

Mr. REYNOLDS. Let us assume further that with these 500 certificates in my hand, 26 stamps being affixed to each one, I am not indebted to a single soul on earth; what am I going to do with those certificates?

Mr. BANKHEAD. I will say, in the first place, that if the Senator is so fortunate as that, he could well afford to lose them, but he would be in a lonesome company. [Laughter.] However, the Senator could buy something with them.

Mr. REYNOLDS. But suppose I am not desirous of making any purchases?

Mr. BANKHEAD. Well, does not the Senator eat?

Mr. REYNOLDS. Very seldom. [Laughter.]

Mr. BANKHEAD. Well, if the Senator is that kind of an animal, I can not place him. [Laughter.]

Mr. REYNOLDS. Mr. President, I am interested in the Senator's proposal, and I am directing these inquiries to him because I want to be fully advised in regard to the matter. I think the suggestion has a great deal of merit, to be perfectly frank—

Mr. BANKHEAD. In that spirit I will be glad to answer any question which the Senator may submit.

Mr. REYNOLDS. I am merely desirous of securing information. If I have, say, 500 certificates, with 26 stamps affixed to each one, and not one of them is redeemable until such time as 52 stamps shall have been attached to each, would it be possible, I not being indebted to anyone in any amount, for me to get full advantage of the certificates in my possession, upon each of which those who had previously handled them had placed 26 stamps?

Mr. BANKHEAD. I will say to the Senator that he could pay his taxes with them, if he owed any taxes. If he did

not owe anything on earth and did not want anything on earth, then I frankly concede that he would be in some difficulty.

Mr. REYNOLDS. But they would have served their purpose—

Mr. BANKHEAD. I can not conceive in practical application, in view of the conditions prevailing in this country, that many dollars of this character of money would accumulate in the hands of men of the type the Senator has indicated. I think it is possibly in negligible amount and in the rarest kind of instances that a situation such as the Senator describes is imaginable and possible.

Mr. REYNOLDS. I grant, I will say to the Senator, up to that point that the certificates would have served a very meritorious cause by reason of the fact that there would have been paid on indebtedness of \$500 twenty-six different times. That is true, is it not?

Mr. BANKHEAD. Yes; and I am glad the Senator brought out that point. As I say, I think in the workings of almost any plan there is some possible place where it will not operate with uniformity and exact justice, but considering the great volume of debts that money of the character I propose would pay, the great number of people that it would put to work, the meritorious features of the proposal from every other standpoint, and looking at it from a broad viewpoint, whether it would not do much more good than harm, I hope the Senator, from that standpoint, after he concludes his study of this measure, may find his way clear to be a believer in it and a supporter of the plan.

Mr. REYNOLDS. I wish to say to the Senator, Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield further to the Senator from North Carolina?

Mr. BANKHEAD. Yes, sir.

Mr. REYNOLDS. I wish to say that I think in the Senator's plan there is a great deal of merit, and I want to repeat that I am directing these inquiries to him because I am initially interested in his plan.

There is one further inquiry I should like to make pertaining to line 15, on page 5, where there is a provision which I was just discussing with the Senator from Kansas [Mr. MCGILL], which reads as follows:

(1) Banks of deposit receiving such certificates as deposits may charge 2 cents for each certificate so deposited as a service charge.

Do I understand that to mean that I may deposit a certificate in a bank only for collection from the Government after the required 52 stamps have been placed thereon?

Mr. BANKHEAD. No. It is intended during the movement of the certificates from the time of their issue that where the certificates are deposited in the banks, not used in trade, not in payment for the purchase of goods, not in payment of ordinary debts which a man is glad to have paid at a discount of 2 per cent, but where they are deposited in banks, involving bookkeeping and handling, noninterest transactions, the 2-cent charge may be made. I will say to the Senator further that one of the chief objects of that provision is to keep these certificates out of the banks, making it burdensome and costly to put them in, so as to keep them moving in constant circulation, paying debts and buying goods and services.

Mr. REYNOLDS. Mr. President, will the Senator yield for another inquiry?

Mr. BANKHEAD. Yes.

Mr. REYNOLDS. Let us say that I have in my possession another 100 of these certificates upon one of which 2 stamps have been placed, and on others of the certificates 3, 4, or 5 stamps, as the case may be; in other words, on each and every one of those 100 different certificates there is a different number of stamps; do I understand the Senator to mean that under the provision I have quoted I shall deposit the certificate in the bank for safe-keeping? I make the inquiry as to how the bank could possibly handle these certificates in any manner other than by way of putting them in a safe-deposit box. Otherwise it would be necessary for them in their bookkeeping arrangements to make a notation in



the form of a description as to the number of stamps each and every one of the certificates had affixed to it. I merely want to be enlightened as to that point.

Mr. BANKHEAD. I do not think it would require a safe-deposit box. It would be a character of money different in appearance and easily separable from other money. It could be put in any sort of a box one wanted, or outside of a box.

The bill requires, it will be noticed, that the spaces for the stamps shall be dated.

Mr. REYNOLDS. Yes, sir.

Mr. BANKHEAD. So there can be no confusion on that subject. One takes up a bill which shows that the next date for a stamp is the 1st day of March, and it is stamped up to that date. It is self-explanatory on its face and requires no bookkeeping.

Mr. REYNOLDS. I thank the Senator.

Mr. BANKHEAD. Mr. President, in conclusion, from the inquiry of my clear-headed colleague from Michigan [Mr. VANDENBERG], in whose judgment and sincerity I have real faith, as to the effect of this proposed money and its becoming so popular that it might run away in actual use and popularity, I judge that he has at present no serious doubt about its efficiency up to the amount I am proposing that we issue.

But, Mr. President, let us consider just for a moment the effect the issuance of money of this kind would have on this country at a time when money has disappeared, as everybody knows it has disappeared. We would have a billion dollars, when it was all issued, turning over absolutely at least once a week and which, it is estimated, might turn over three or four or even a greater number of times a week, so that in the course of a year it is entirely conceivable that this \$1,000,000,000—which would be in circulation all the time, speeding up, finding a way into the possession of various individuals, just exactly the reverse from the present type of money in use, with a hoarder's tax hanging over it—would be capable of financing transactions of \$150,000,000,000 a year. That is a great volume of business; and this money would liquidate itself, it would retire itself, and when it should go out of circulation it would leave some profit in the Treasury. Furthermore, it would be no burden upon the Nation's stock of gold and no burden upon the taxpayers. Consider the effect of a volume of \$150,000,000,000 of transactions during the course of the next 12 months. Anybody who believes that it will have that effect—and I challenge them to investigate and consider and decide whether it will or not—should, I say, forego any mere hypercritical objection, any suspicion or any doubt or uncertainty, which is not based upon a firm conviction, in the face of an opportunity to bring relief to the distressed people of this country without injury to anybody.

Mr. WAGNER. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from New York?

Mr. BANKHEAD. I am glad to yield.

Mr. WAGNER. I was out of the Chamber during a portion of the Senator's address, and perhaps the question I am about to ask has already been answered, but I should like to ask the Senator whether it is his opinion that banks generally would accept this type of money for deposit?

Mr. BANKHEAD. Well, Mr. President, I have no more information on that subject than has the Senator from New York, who is doubtless closer to the banking spirits than I am. I do not say that in any improper way, but the Senator from New York is on the Banking and Currency Committee and is in touch with these matters while I am not.

However, it does appear to me that the bankers, who are as deeply concerned with their own solvency as are any other business institutions, would welcome with open arms any system which, while not imperiling the gold standard, would tend to bring about a restoration of business, which would tend to increase the prices of commodities, which would bring larger deposits into their banks, which would create new purchasing power for the merchants, their prin-

cipal customers, and which also, through the service charge, would enable them to make 2 cents on each check handled by them, running inevitably into large figures, and thereby being made an attractive and profitable proposition. It is the hope in large measure, Mr. President, that the certificates will not go to the banks, but if they do, that they will receive a friendly reception and a friendly feeling from the banking institutions of the country.

Mr. WAGNER. Mr. President, will the Senator yield for another question?

The VICE PRESIDENT. Does the Senator from Alabama yield further to the Senator from New York?

Mr. BANKHEAD. I yield.

Mr. WAGNER. The Senator does me too much honor in suggesting that I am familiar with the "banking spirits." I am no more familiar with them than is the Senator; I have no experience in banking at all; but I was interested in the question whether or not it is a fact that if a bank keeps this particular type of money longer than a week it would itself have to pay a tax upon it. That is true, is it not?

Mr. BANKHEAD. That is true, but the banker gets a profit; it does not cost the bank anything if it does not keep the certificate more than two weeks.

Mr. WAGNER. If an individual should deposit money of the type proposed, just as he now deposits the forms of paper money in use, does the Senator say that the bank itself, if the money were not withdrawn within a certain brief period of time, would charge the individual 2 cents per week?

Mr. BANKHEAD. No; the bank gets 2 cents when the money comes in, even if it goes out next day. Then it is incumbent upon the bank to get it out within two weeks.

Mr. WAGNER. That is the point I want to bring out. It is incumbent upon the bank to get it out again?

Mr. BANKHEAD. It is incumbent upon the bank to get it out, which they may do in numerous ways. In the first place, they can use the profit that they get to stamp it for a depositor, if they see fit. They can pay it out through pay rolls. They can pay it out on debts that they may owe. They can pay it out for taxes or any other purpose for which any other institution in this country can pay it out.

Just to epitomize briefly in conclusion, Mr. President, let me point out that this plan does not involve the gold standard; that it is a self-liquidating proposition; that it provides relief for unemployment; that it provides work on public improvements, such as roads, waterways, sewers, reforestation, and so forth. It starts up buying. It brings about velocity of circulation. It raises price levels. It increases bank loans and deposits. It is a tax on hoarding. It is no drain on the Treasury; but, on the other hand, produces a profit. It creates new currency, and therefore new credits. It creates demand for industrial goods. Raw materials will move. Factories will go to work to meet these new demands for goods. The number of trains naturally will increase, both in carrying raw materials from the factories and in carrying the manufactured goods for distribution. The lawyers, the doctors, the bakers, and the candlestick makers will have money to pay their rents, to pay their taxes, and other current and incidental obligations, as they are able to do when money is freely in circulation, and their clients and customers are put in position to earn money and get money, which they now can not do.

Mr. GEORGE. Mr. President—

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Georgia?

Mr. BANKHEAD. I shall be happy to yield to my friend from Georgia.

Mr. GEORGE. I should like to ask the Senator one question.

I believe that this certificate is really legal tender.

Mr. BANKHEAD. It is.

Mr. GEORGE. But it is subjected to a tax of 2 cents on each transfer.

Mr. BANKHEAD. Each Wednesday—once a week.

Mr. GEORGE. A tax of 2 cents at least once a week?

Mr. BANKHEAD. Yes.



Mr. GEORGE. I desire to ask the Senator in all seriousness whether a man having services to sell, or a dollar's worth of merchandise to sell, would not prefer to take and would not demand money which was not subject to a 2-cent tax on each transfer, or per week?

Mr. BANKHEAD. The question of the Senator is a perfectly proper one, and one that of necessity requires consideration in connection with this plan.

Under normal conditions, I will say to the Senator, no one would propose a taxed money. Under conditions where services were scarce, or where the merchant held goods in quantity with an abundance of buyers, we might look to some other plan for consideration. In normal times, if you should go to a merchant and want him to take money that he must discount at 2 per cent, naturally he would not do it. But let me suggest to the Senator that when the merchant's store is almost empty, when the customers come more through curiosity than with any intent to purchase, and especially when they come without the ability to pay, I submit that even though the merchant may raise his price 2 cents to meet the stamp tax he will be happy to find a situation where he can again turn over his goods and have his store a busy place.

Mr. GEORGE. The objection which I raise, Mr. President, kept recurring to my mind. I understand the Senator's position to be that under these abnormal conditions, when merchandise is not moving, and there is no demand for services or commodities, what is equivalent to a tax on each transfer would not be an insuperable objection to the issuance of this type of currency.

Mr. BANKHEAD. That is exactly the idea.

I have given careful consideration to that phase of the matter. I have recognized that a man can not be made to exchange either his goods or his services for any sort of money, even gold, if he does not want to do it. Therefore it is a matter of the state of mind of those engaged in business, and their willingness to cooperate in a program which brings to them an enlargement of their business.

This plan has been tried where it was not even legal tender. I understand that out in Hawarden, Iowa, and in other places, it was tried by mutual consent. It has been tried in Germany and in Austria and it is working. According to information given me by Professor Fisher, at some place in Austria it has been in operation for five months, and his reports directly from there are that it is highly successful, greatly pleasing, and beneficial to the business interests of the community.

So I think the suggestion made by the Senator from Georgia, under these abnormal conditions, will not be an insuperable obstacle. In fact, when you go out with a campaign of this kind, with the slogan, "Stamp out the depression; stamp out unemployment; stamp on the money; create business and trade; give a hundred men a job; give a hundred men emergency relief," I take it that there is a degree of patriotism in this country, or a degree of self-interest in this country, combined, adequate to stimulate and arouse from one section of this country to the other the feeling, which will be acted upon, that "here, at last, is some relief furnished to us by a slow and reluctant Congress."

Mr. President, I ask unanimous consent to incorporate in the RECORD at this point the amendment which I have proposed and on which I have spoken this afternoon.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

Amendment intended to be proposed by Mr. BANKHEAD to the bill (S. 5125) to provide for cooperation by the Federal Government with the several States in relieving the hardship and suffering caused by unemployment, and for other purposes, viz: Strike out section 2 and insert in lieu thereof the following:

"Sec. 2. The Secretary of the Treasury shall cause to be engraved and printed currency of the United States in the form of stamped money certificates. Said certificates shall be in the denomination of \$1 each, and the issue shall be limited to \$1,000,000,000. Said certificates shall be of a suitable size to provide space on the backs thereof for affixing 52 postage stamps. The backs of said certificates shall be prepared in such manner as to indicate clearly the proper place for affixing each stamp contemplated herein to the end that on the second Wednesday after the issuance of said certificates from the Treasury the first stamp

shall be affixed, and thereafter on each Wednesday until a total of 52 stamps shall be affixed; and said certificates in the spaces designated for affixing said stamps shall set forth the day of the month and year when each such stamp shall be affixed, as for example:

"On April 5, 1933, affix 2-cent stamp here."

"The face of said certificates shall set forth substantially the following:

"This certificate is legal tender for \$1 for payment of all debts and dues, public and private, customs, duties, and taxes: *Provided*, That on the date of its transfer there shall be affixed 2-cent postage stamps for all dates prior to such date of transfer, as set forth in the schedule on the back hereof. When fifty-two 2-cent postage stamps shall have been affixed this certificate shall be redeemable at any post office for \$1 lawful money of the United States."

"(a) The Secretary of the Treasury is authorized in his discretion to issue the certificates directed to be issued hereunder in monthly or semimonthly installments, all of like tenor and effect except that the schedule for the affixing of the stamps on the back of said certificate shall bear dates for the affixing of stamps appropriate to the date of the issue of each such installment of certificates."

"(b) When such certificates appropriately stamped in full shall be presented to the Secretary of the Treasury for redemption he shall certify to the Postmaster General from time to time the amount of certificates so presented for redemption, and the Postmaster General shall thereupon pay to the Secretary of the Treasury out of the funds arising from the sale of stamps the sum of \$1 for each such certificate so redeemed, whereupon said certificates shall be destroyed."

"(c) Prior to the issuance of the first installment of certificates hereunder the Secretary of the Treasury is directed, by posters to be hung in post offices and other public places, and by advertising in newspapers and magazines, to advise the public of the contemplated issue of these certificates, with appropriate directions to the public with reference to the affixing of stamps, the legal-tender quality of the certificates, their redemption feature, and all such similar information. There is hereby appropriated for the use of the Secretary of the Treasury to defray the cost of such advertising the sum of \$100,000."

"(d) When such certificates shall have been issued by the Secretary of the Treasury the person holding the same, on and after 12.01 o'clock antemeridian of the first Wednesday set forth in the schedule on the back of said certificates, shall affix in the space therein provided a 2-cent postage stamp of the United States. Prior to such time said certificates in the hands of all holders shall be legal tender for the payment of all debts for the sum of \$1. After affixing the first stamp said certificate shall be legal tender as aforesaid for the payment of all debts until the following Wednesday when another 2-cent postage stamp of the United States shall be affixed by the person holding the same prior to 12.01 o'clock antemeridian of such Wednesday, and thereafter for fifty consecutive additional Wednesdays like postage stamps shall be affixed by the holders. At all times when there shall be affixed all such postage stamps as are required to be affixed on the back of such certificates prior to the date of transfer, such certificates shall be legal tender as aforesaid for the sum of \$1. When fifty-two 2-cent stamps shall have been affixed on the back thereof the holder may present the same to any post office in the United States for redemption, and the same shall be redeemed by such post office in any present lawful money of the United States. All post offices in the United States are hereby charged with the duty of making such redemption and of forwarding such certificates for cancellation to the Secretary of the Treasury."

"(e) With respect to such certificates as shall become unfit, through use, for further circulation, the Secretary of the Treasury and the Postmaster General are authorized and directed to provide for the exchange of such worn-out certificates for new certificates, and to make all regulations required for that purpose."

"(f) It is declared to be against the public policy of the United States to provide in any contract executed subsequent to the date of this act that the certificate to be issued under this act, or any like issue, shall not be received in the discharge of such contract, and all such provisions in such contracts are hereby declared null and void."

"(g) Said certificates, when accepted by the Government, shall be promptly reissued by any department or agency of the Government receiving the same."

"(h) In transactions of less than \$1 such certificates are not legal tender unless stamped by the person tendering the same for one additional week after tender."

"(i) Banks of deposit receiving such certificates as deposits may charge 2 cents for each certificate so deposited as a service charge."

"(j) The Secretary of the Treasury and the Postmaster General are authorized to promulgate regulations for carrying out the provisions of this act."

"(k) If and when the wholesale commodity price level of all commodities, included by the Bureau of Labor Statistics in computing index numbers of wholesale prices, shall equal 80 per cent of the average index number for the year 1926, then, anything to the contrary herein notwithstanding, the Secretary of the Treasury is directed to discontinue the issuance of certificates hereunder, and such certificates as are then outstanding shall be retired as the same are presented for redemption or replacement of worn-out certificates."



"(1) Five hundred million dollars of the amount made available under section 2 of this act shall be apportioned among the States on the basis of population according to the Fifteenth Decennial Census. This amount is made available as herein provided in addition to the amount made available to the States under section 4 (a) of this act. The amount so apportioned to the States shall be delivered to the governor of the State applying for the apportionment made to his State, upon application being made therefor by the governor. The amount apportioned to a State shall be administered within the State under rules and regulations adopted by the governor thereof and through such agencies as he may establish. The amount apportioned to a State may be by the governor thereof apportioned to the counties, and/or to the municipalities of said State, and may be used in construction work or for emergency relief as defined in section 11 of this act."

On page 14, line 6, after the word "act," strike out the period, insert a comma, and add "except as herein otherwise provided."

On page 15, line 21, strike out "Forty" and insert in lieu thereof "Twenty."

On page 16, line 8, strike out the words "The balance of the amount made available under section 2 (a) of this act" and insert in lieu thereof the following: "Thirty per cent of the amount made available under section 2 of this act."

Mr. FESS obtained the floor.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. FESS. I yield to the Senator from Oregon.

Mr. McNARY. The Senator is kind enough to yield to me. I desire to present, for the consideration of the Senate, a unanimous-consent agreement.

The VICE PRESIDENT. Let it be read.

The legislative clerk read as follows:

*Ordered, by unanimous consent, That after the hour of 6 o'clock p. m. no Senator shall speak more than once or longer than 30 minutes upon the pending bill (S. 5125) to provide for cooperation by the Federal Government with the several States in relieving the hardship and suffering caused by unemployment, and for other purposes, or more than once or longer than 15 minutes upon any amendment or motion relating thereto.*

Mr. LA FOLLETTE. Mr. President, will the Senator from Ohio yield to me?

Mr. FESS. I yield.

Mr. LA FOLLETTE. May I say to the Senators on the other side of the aisle that this agreement has been referred to the Senator from Arkansas [Mr. ROBINSON] and meets with his approval.

Mr. COSTIGAN. Mr. President, may I ask the hour at which this agreement will start?

Mr. McNARY. Six o'clock this evening.

Mr. SMITH. Mr. President—

Mr. McNARY. Mr. President, I think I can anticipate what is in the mind of the able Senator from South Carolina. If this agreement or a similar agreement is entered into, I shall ask an adjournment until 11 o'clock to-morrow, in order to have two hours upon the calendar, which will meet his situation, I am sure.

Mr. SMITH. Mr. President, if the Senator will allow me, I think the objection we had anticipated has now been removed; and I do not think it would take more than 15 or 20 minutes, if so long as that, to dispose of the matter I have in mind if I can get the consent of the Senator from Wisconsin to lay aside the unfinished business temporarily.

Mr. LA FOLLETTE. Will not the Senator from South Carolina let us ascertain whether we can get this agreement?

Mr. SMITH. Certainly. I prefer to have that done.

The VICE PRESIDENT. Is there objection to the proposed unanimous-consent agreement?

Mr. FESS. Mr. President, reserving the right to object, for several days I have been desirous of addressing the Senate on the subject of inflation. This would be a very opportune time to do it, following the statement of the Senator from Alabama [Mr. BANKHEAD]. It is going to take some time to do it; and if we are inclined to limit the debate before I have an opportunity to address the Senate, while I will not object, I will not attempt to do it to-night, but will reserve the right to do it to-morrow before we adjourn.

The VICE PRESIDENT. Is there objection to the unanimous-consent agreement proposed by the Senator from Oregon? The Chair hears none, and it is so ordered.

Mr. SMITH. Now, Mr. President, if the Senator will allow me—

The VICE PRESIDENT. The Senator from Ohio has the floor. Does the Senator yield?

Mr. FESS. I shall not go on to-night, Mr. President.

Mr. SMITH. Mr. President, the matter I have in mind is of such importance, and time is of the essence of it, and I do not know of any objection, that I will ask the Senator from Wisconsin if he will not consent to lay aside this matter temporarily and let us consider the bill.

Mr. LA FOLLETTE. Mr. President, may I ask the Senator from South Carolina whether or not he has consulted with the junior Senator from Utah [Mr. KING]?

Mr. SMITH. I have.

Mr. McKELLAR. I have just gone out to get him.

Mr. KING entered the Chamber.

Mr. LA FOLLETTE. I was inquiring whether the junior Senator from Utah had withdrawn his objections to the bill which the Senator from South Carolina seeks to get up by unanimous consent.

Mr. KING. I have not.

Mr. LA FOLLETTE. Under the circumstances, Mr. President, I could not yield to the Senator, because I have been informed by the junior Senator from Utah that it will take him a considerable period of time to outline in full his objections to this measure.

Mr. KING. I will say to my friend that I shall be very glad to confer with the Senator from South Carolina and the Senator from Tennessee during the evening, or before to-morrow, and see if there is not a possibility of our agreeing.

Mr. LA FOLLETTE. May I ask the Senator from South Carolina if that would not meet with his approval, inasmuch as the Senator from Oregon has promised him a morning hour to-morrow if he requires it?

Mr. SMITH. I shall be very glad to do that, because this is a matter of great importance.

Mr. McNARY. Mr. President, I ask unanimous consent that when the Senate has concluded its work to-day it adjourn until 11 o'clock to-morrow morning.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The question is on the amendment of the Senator from Alabama [Mr. BANKHEAD] to the amendment of the committee.

Mr. BANKHEAD. Mr. President, I stated at the beginning of my remarks that I had no hope that the Senate would adopt this amendment. I wanted to get it before the Senate for consideration, in the hope that after further investigation by Members of the Senate it might receive favorable action, either along this line or some other line. Having had the opportunity to present the matter, I do not care to insist upon it at this time, and I withdraw the amendment.

The VICE PRESIDENT. The Senator from Alabama withdraws his amendment. The amendment of the committee is before the Senate and open to amendment.

Mr. LA FOLLETTE. Mr. President, the Senator from New York has another amendment, and I think it should be offered at this time.

The VICE PRESIDENT. The Chair is advised that that amendment was proposed, and that the question is on that amendment now, as the amendment of the Senator from Alabama has been withdrawn.

Mr. LA FOLLETTE. I understand that before the Senate acts on that amendment, the Senator from Kentucky desires to propose an amendment to the amendment.

Mr. FESS. Mr. President, as I understand it, there is a general agreement that I shall have an opportunity to take the floor to-morrow to make an address on inflation.

The VICE PRESIDENT. The Chair understood that the Senator reserved that right when the unfinished business is laid before the Senate to-morrow, provided some other Senator has not the floor at that time talking on some other matter.

Mr. BARKLEY. Mr. President, I desire to move to strike out subsection (b) at the bottom of page 2 of the amendment offered by the Senator from New York.



Mr. GEORGE. A parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. GEORGE. I ask if the amendment referred to now by the Senator from Kentucky has been offered by the Senator from New York?

Mr. WAGNER. Yes; it has been offered as a substitute.

The VICE PRESIDENT. It is offered as a substitute for the pending bill.

Mr. WAGNER. If I may make a parliamentary inquiry, the proposed substitute is subject to amendment now, is it not?

The VICE PRESIDENT. It is subject to amendment.

Mr. BARKLEY. Mr. President, I offer an amendment to the substitute, to strike out subsection (b) at the bottom of page 2.

The PRESIDING OFFICER (Mr. Fess in the chair). The question is on agreeing to the amendment offered by the Senator from Kentucky to the amendment in the nature of a substitute offered by the Senator from New York.

Mr. BARKLEY. I will state to the Senate that the language which I seek to strike out is the new language sought to be put into the law, that—

No part of the amounts paid to the governor of a State or Territory under this section shall be used for the payment of administrative expenses incurred in furnishing relief and work relief under this section.

Under the administration of the \$300,000,000 heretofore made available to the Reconstruction Finance Corporation for loans to States, the Reconstruction Finance Corporation has set aside a small percentage in most of the States for the purposes of administration. Under that policy they have set up local organizations, some of which they have been compelled to compensate. If we say in this proposed amendment to the act that none of the money appropriated or made available shall be used to pay for administration of the act, it will mean that all the agencies which have been set up in the States under the direction of the governors for the administration of this relief will collapse, and there will be no agency through which the governor can administer the relief or make the distribution, because the cities and counties have not the agencies in existence and the amount of money involved, which has been approved by the Reconstruction Finance Corporation, has been so comparatively small that I see no reason why there should be injected now a provision that none of the money we appropriate shall be expended to pay for any administration agencies or other facilities with which we propose to make the distribution.

Mr. WAGNER. Mr. President, the provision which the Senator seeks to strike out was not proposed by me, and it was not in the original bill as I proposed it. It was incorporated in the bill by the committee at the suggestion of one member of the committee.

I sympathize with the views of the Senator from Kentucky, and I shall personally not resist his efforts. Of course, it is a matter which the Senate itself must determine.

Mr. GEORGE. Mr. President, it seems to me that this provision should remain in the bill under all circumstances. This is not a denial of the right of the Reconstruction Finance Corporation to use money in its hands for administrative purposes. This is a denial of the right of the governor of a State to take a part of the money which we turn over to him for distribution, and use it for administrative purposes.

When it is borne in mind that there are no restrictions on the governor, that he may hire as many people as he wishes to hire, that he may pay as many salaries as he wishes to pay, and that he may pay as high salaries as he wishes to pay, it may be realized that an abuse of the generosity and bounty of the Congress is possible if the State is not required to pay at least the actual cost of disbursing the money that is turned over to it for general relief work within the State.

Mr. BARKLEY. Mr. President, will the Senator yield to me?

Mr. GEORGE. I yield.

Mr. BARKLEY. If there had been in the original act appropriating \$300,000,000 a provision of this sort, and if the States had been able to work out, over the period of a year, when their legislatures were in session, some local machinery for the distribution of this money and the administration of the relief, the Senator's position might be well taken. But, as a matter of fact, the Reconstruction Finance Corporation has exercised jurisdiction and control over the amount that is allowed to be used for administrative purposes. For instance, in the State of Kentucky they have allowed an amount of less than 5 per cent of the total amount for administration. They do not seek to set up the agencies. The governor has no power, under the laws of most States, to create new offices or to pay out of the State treasury for offices that are not actually created by the legislature.

Many of the State legislatures, particularly my own, will not meet until 1934. If the agencies which have been set up by the governor, with the consent of the Reconstruction Finance Corporation, for the administration of the \$300,000,000 we have already made available to them, are now to be abolished and destroyed by our providing that none of this money can be used for that purpose, when the Reconstruction Finance Corporation has permitted them to use it up to this time, then it will amount to a denial of relief.

I will say that, under the control of the governor of my State—and I am sure it is true of other States—very meager compensation has been allowed to those who have been employed to help distribute the relief. They are experts. They are people, men and women, who have been long expert in relieving social distress. They know who are fakers and they know who are not. They have for a long time been in the business of relieving suffering, and they are getting compensation so small that it is difficult to understand how they themselves may sustain their lives upon it. But if we take it away from them entirely we will practically deny relief in many of the States.

Mr. SMITH. Mr. President, I had a communication from an official of my State, one representing the governor, to the effect that if this provision remained in the so-called Wagner substitute it would be practically ineffective in my State, that they had no means of distributing this money without using a part of the money for the purpose of administration.

Mr. BARKLEY. Mr. President, that is true of most of the States, I will say. There are some few of the States where there has been no request for an allotment for expenses of administration, but in most of the States—I think all but five or six—the Reconstruction Finance Corporation, out of the amount allotted to the States, has allowed the governors to use a certain small percentage for administration, and it has been so small in all cases that there has been certainly no abuse of it.

Mr. SMITH. Mr. President, if the Senator will allow me further, I will say that in my State a certain amount has been allowed.

Mr. GEORGE. I am so certain that this language should not be stricken out of the bill that if action is to be taken on it I shall have to ask for a quorum, and I did not want to do that on this matter.

If the desire is to get rid of the abuses, if the money may be turned over to the taxing authority of each political subdivision requiring it, a large sum will not be expended in distributing the funds.

Mr. BARKLEY. Mr. President, I do not think that criticism is justified.

Mr. GEORGE. It may not be true of the Senator's State.

Mr. BARKLEY. I do not think it is true in a general sense anywhere.

Mr. GEORGE. The Senator is perhaps not fully informed about what may exist elsewhere if some restriction is not imposed.



The real way to prevent the expense attaching to this fund, and to get relief to those who really need it, is to put the money appropriated to each State into the hands of the taxing authority of the smallest political subdivision in the State requiring it, because those who administer it will know who is worthy of help and who is not worthy of help.

Now, let me say one further word. I realize that under the original relief measure the theory was that a loan would be made to a State, and we contemplated that there should be paid back by the State, out of future appropriation, it is true, the money allotted to it. But that theory of a loan is fading farther and farther into the distance, and under the present proposal for relief purposes a part of the money is an outright grant to the State, not to be charged against it at all, and not to be repaid by it under any circumstances, even as a matter of bookkeeping. It does seem to me that a State could afford to accept money under those conditions and pay the small amount of actual and necessary administrative cost. That is the only check upon the dissipation of some portion of this money, at least, however conscientiously the fund may be administered.

Mr. BANKHEAD. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. BANKHEAD. I want to say to the Senator that, speaking broadly and generally, his theory is correct, but I certainly regret to see him take the position he has indicated here. I am sure the Senator does not appreciate the effect upon his neighbors. I know the Senator has a kind heart, and that he is not taking his position capriciously. But I want to present our own local position to him. We are neighbors, and he probably knows about our condition, but has not thought about the effect of his position.

We are unfortunate in my State in the matter of financing, probably more so than any other State in the Union. There is a deficit in Alabama of \$20,000,000. There are \$12,000,000 of warrants outstanding for the poor school-teachers, who can not be paid. There is to-day an injunction tying up even the salaries of State officials. We have a budget law under which they can not pay out more than the amount of taxes received, and the taxes received are less than the necessary operating expenses of the State government.

Mr. President, so far as waste is concerned, let me call to the attention of the Senator the fact that in my State—and for my State I am making this appeal to him—our governor is one of the most frugal of governors. He is so economical and close that he even burns a kerosene lamp instead of an electric light in his own home. He endeavored to conduct the affairs of the State along the same line. We know there would be no waste there. But we have not the money. We can not get it. If the Senator insists upon this amendment and it prevails, as it probably would, because I know his influence in this body, it would be very detrimental to my State.

Mr. GEORGE. Let me ask the Senator how the flour and cotton are dispensed by the Red Cross in his State? Is it not done without expense to the fund?

Mr. BANKHEAD. It is done by the Red Cross, probably with local contributions. I do not know whether they do it without expense to the fund or not.

Mr. GEORGE. Certainly they do. The mayor of every city, the local officers of the city and county perform this service without compensation.

Mr. BANKHEAD. I think that is like everything else. I do not think that would make a particle of difference with the administration in my State. If the Senator insists upon this and it prevails, and I know his influence in this body, he is simply depriving Alabama of any of the benefits under this bill. We have horrible suffering, especially in my district.

Mr. GEORGE. The Senator knows I would not want to deprive the State of Alabama or any State of any help. The Senator is entirely wrong. There is no State in the country that can not take care of the administrative costs of dispensing a fund of this character.

Mr. BANKHEAD. I happen to know more about Alabama than does the Senator from Georgia.

Mr. BARKLEY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Kentucky?

Mr. GEORGE. I yield.

Mr. BARKLEY. I am sure the same situation exists in other States, but I give my own as an example. Every application on the part of individuals and families for relief under this act would be investigated so as to prevent waste. It is investigated by men and women who are trained in that sort of thing. Under our law neither the county officers nor the governor can employ such investigators and pay them out of the treasury of the State. I believe that in the administration of the law and the use of the trained forces, paid a very small compensation compared to their real worth, that money has been actually saved and by that method it has been prevented from finding its way into channels where it might be wasted. In my State it is not paid to them in cash. It is paid in supplies and groceries. In each case the application and the merits of the family and individual are investigated by somebody trained in that sort of thing, who holds no political office and therefore has no political ax to grind. I think that method of administration will certainly save more of this money than to take away any power to use any of it for that purpose.

Mr. GEORGE. Has not the Senator's State a public-welfare department?

Mr. BARKLEY. No; we have no public-welfare department as such in the State. We have a State health department, but we have no public-welfare department as it is termed in other States. Under the State law we have authority for the county judge, for instance, to allow out of the treasury of the county certain small funds for the purchase of supplies for indigent people. In all of our counties that fund was exhausted long ago, and that fact was largely responsible for our application to the Reconstruction Finance Corporation for an allotment of funds.

But there is no way for the Governor of Kentucky or anybody in the State administration or any officer of any county to employ expert investigators to go out and find out whether an applicant is meritorious or not. This small allotment or small percentage of the fund agreed to by the Reconstruction Finance Corporation for that purpose has been instrumental, I think, in keeping down any criticism that the money is being wasted or is finding its way into channels where it is not deserved.

Mr. FLETCHER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Florida?

Mr. GEORGE. I yield.

Mr. FLETCHER. I may say that just to-day the Governor of Florida was here and within the hour told me that this provision ought to come out of the bill if Florida is to get any benefits under it. He said the State has no fund nor has he as governor any fund out of which to pay, and that there is no way to handle the matter if the governor or the State must bear the expense. We have voluntary associations in different parts of the State. They act in an advisory capacity.

But I agree fully with the Senator from Kentucky; and our situation is just as he has mentioned, that the voluntary associations are not as efficient and will not save to the Government what is being paid by reason of the expert investigation. The fund is distributed according to the needs of the different counties. The report comes to the governor that a certain county needs so much. There is a voluntary association that acts as an advisory council, and he takes their views. When we have experts trained in this very matter of determining where real need is and the circumstances connected with it, we get a much better service and a real saving from the fund. But we have no way of compensating those people in our State. The governor has no fund with which to do it. The expense has been small, none of it exceeding 10 per cent, and probably



not over 5 per cent. I quite agree with the Senator from Kentucky in his view on the matter.

Mr. WAGNER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from New York?

Mr. GEORGE. Certainly.

Mr. WAGNER. In my own State this question of cost could not arise, because we have an organization created by the State, and also by the municipalities, that has government employees who would distribute the money. I have heard of no abuses of the administration of the funds from any member of the board of the Reconstruction Finance Corporation.

I would not want to have any provision in the bill, which is to be used as an instrument to aid the destitute, which in effect would prevent such relief. Therefore, I would suggest a compromise perhaps that might be acceptable to the Senators whose views differ on the question. I think the power exists now, but it may be expressed by legislation. Let us authorize the Reconstruction Finance Corporation to prescribe the limit of the amount of money which may be used for administrative purposes of the loan granted. I do not know whether that would satisfy Senators or not.

Mr. BARKLEY. That is what is being done now.

Mr. WAGNER. I think the power already exists.

Mr. BARKLEY. When our State makes application to the Reconstruction Finance Corporation for a loan, we have a list of the counties with all of the evidence that has been gathered in those counties, which is presented to the Reconstruction Finance Corporation, and we are compelled to administer it in that way, not only as a whole but in each county. They have exercised absolute supervision over the amount which may be used for administration. I am not sure that they do it for each county, but for the State at large they do have a limitation, and that policy has been adopted. I do not think it is necessary to authorize them to do it, because they have already done it.

Mr. WAGNER. It might be something to assuage the apprehension of Senators and others.

Mr. BARKLEY. I appreciate fully the disinterestedness of the motive of the Senator from Georgia, and I hope he will not contest this motion of mine, because it has worked satisfactorily on the whole. There may be exceptions to it. The injury that will be wrought by including this language would be so much greater than any injury that might come from an isolated case where somebody might get money or provisions that would not be merited; but I hope he will not resist my motion.

Mr. SMITH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from South Carolina?

Mr. GEORGE. I yield.

Mr. SMITH. Will the Senator from Georgia allow me to call his attention to the fact that it is notorious that where we have voluntary distribution of charity such as this it is never done effectively or satisfactorily? It seems that since the States have gotten these allotments from the Reconstruction Finance Corporation certain trustworthy individuals, whose time is valuable and whose services could not be otherwise availed of without a reasonable compensation, can not be employed in this kind of work. In my own State those who talked to me over the long-distance telephone this afternoon were genuinely alarmed that if there is not some provision made by which trained men and women in whom they could have confidence might be employed to go out and ascertain the exact status of affairs it would be absolutely worthless to the State in its realization.

I know through my own experience that in a matter as serious as this, the like of which we have never before confronted, we ought to be willing to compensate those who are going out with Government funds to relieve those who absolutely need aid. The minute we put it upon the basis of voluntary assistance, it will be said, "Oh, well, it does not amount to anything. It is a gesture. It is not serious. Give it to Tom, Dick, and Harry." But this is a life-and-

death proposition. There are people in every State in the Union standing face to face with absolute suffering.

May I make this suggestion? There are people in the different States who are brought to such a pass that they never expected to be brought to; who will not publicly and openly display the condition in which they find themselves. We do need tactful men and women to find out where pride is covering up suffering; where it is almost a life-and-death case. I think we can very well provide to compensate men and women of capacity to distribute the fund to relieve real suffering.

Mr. BLACK. Mr. President, will the Senator yield to me?

Mr. GEORGE. Certainly.

Mr. BLACK. May I say that it so happens that in the last hour I have had an opportunity of talking to Mrs. Tunstall, of Alabama, who is our child-welfare worker. By reason of that position, she has been largely instrumental in setting up the method of distribution of the funds of the State. Mrs. Tunstall said to me that, of course, they could give out the money without investigation, but that such a course would not be beneficial. She gave me the set-up which they have.

Each county has a subordinate under the child-welfare body. They each draw \$100 or \$125 a month from the fund. No part of that fund is payable out of the Government relief. However, on account of the widespread destitution, that fund has been depleted, and it was wholly and completely impossible to obtain accurate information on which to act. They have had in most of the counties four social workers drawing \$50 per month out of the fund. She gave me the reports of these social workers. Some counties are very large. I am convinced that the money could not be properly distributed without this information.

I also know from the condition in the State and the counties that if this administrative appropriation is cut off, as the amendment proposes, it would simply limit the investigation to that which can be made by one person.

In addition, Mrs. Tunstall stated that in practically every county of the State they are giving work relief. They are doing that on the roads. The county is then compelled to buy the equipment. The county buys the material and furnishes the road overseer, who is regularly employed, so the county really spends a great deal more for administration in the manner in which it is done than it would cost if paid out of this fund. Mrs. Tunstall has informed me, and she is a most capable lady in her work, very much interested, that it would mean that it could not be properly administered in those counties or in most of the counties of Alabama.

I might add that Mrs. Tunstall is not drawing a dime from this fund; she is paid by the State; but it is wholly and completely impossible to administer this fund adequately without expert assistance. Many of those counties have cut off their child welfare workers, many of them have eliminated their farm bureau agent; they are in a desperate situation in so far as supplying funds is concerned. For these reasons it would seriously handicap Alabama in the administration of the fund if this amendment should be adopted in its present form. I wanted to give the facts which she has just given me.

Mr. GEORGE. Mr. President, I know it is perfectly natural for the governor of any State to endeavor to save all the money he can under present conditions. I would not expect the governor of my State, for instance, to do otherwise than to say that the administrative cost ought not to be put on the States; but I want to ask the Senators here what possible check have we upon the expenditure of this fund? I have full confidence in the governors, I wish to make plain. What restrictions have we got when we consider that this fund is now becoming a bounty, a direct bounty, to the States, as for all practical purposes it is, and we are passing the money out and we are saying to the States, "You are not even called upon to spend a dime to administer it and there is no restriction whatever placed upon the expenditure of this money"?



Mr. BANKHEAD. Mr. President, does not the Senator think that, after a skillful and careful survey by capable people, the money will be spent better than it will be just to spend it loosely on hearsay information when somebody applies for it?

Mr. GEORGE. I think so, perhaps—

Mr. BANKHEAD. That is our situation and our choice.

Mr. GEORGE. I think so, but I think the States ought to bear that cost or else provide for it in some other way.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. GEORGE. I am glad to yield to the Senator from Alabama.

Mr. BLACK. I will say that I am in thorough sympathy with the idea that there should be some kind of administrative supervision; and they have such supervision in Alabama. I do not know whether they have it in other States or not.

Mr. GEORGE. I am not speaking of any particular State.

Mr. BLACK. I understand that.

Mr. GEORGE. But I am speaking of the possibility of abuse, abuse amounting to scandal, in any State, if the officers of that State were so disposed to administer this fund.

Mr. BLACK. I think that is absolutely correct.

Mr. GEORGE. It is unquestionably true. We ought not, because our State governors ask the Federal Government to give them some money, to send it down and let them pay the cost of administering it out of the fund itself, and turn it loose in that way.

Mr. BLACK. If the Senator will yield further, I will state that I have not heard anything from the Governor of Alabama in connection with it, but I should like to suggest that some kind of an amendment be adopted limiting the amount that might be spent for administrative purposes, which I think would be an excellent thing and one that should be done; but I do believe that, with conditions as they are throughout the country, to provide now that no part of this fund could be used for administrative assistance would seriously handicap the proper distribution of the fund.

Mr. GEORGE. I am firm in my conviction—and my conviction grows out of experience—that the real way to distribute this fund in an agricultural State is to distribute it through the local taxing authorities and let them get it into the hands of those who are entitled to it without tolling it 10 per cent. I think it would be nothing more nor less than a scandal that money intended to help the poor and suffering should actually bear a charge of 10 per cent or even 5 per cent at the hands of the State authorities in whose State it is to be administered.

Mr. BARKLEY. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Georgia yield to the Senator from Kentucky?

Mr. GEORGE. I yield.

Mr. BARKLEY. The suggestion made by the Senator from Georgia, I suppose, would result in turning the money over to the county officers or some one or more of them. The taxing authority is different in each State. I have felt, and I am satisfied the governors of the States have felt, inasmuch as this money was loaned to the States on their application and they were held responsible to the Reconstruction Finance Corporation for its administration, that the method of administration that would result in the least criticism and the least waste and the least possibility of scandal would be to set up in each county small expert organizations trained in this sort of work, who would have no desire to use the money for their advancement or for any political reason or in contemplation of any political campaign that might be approaching. All of these things, of course, are a part of human nature, as we understand.

There is no one man in any State who can possibly audit the expenditure of all these funds in the different counties. I imagine that if the Reconstruction Finance Corporation desired to send an agent into each county to audit the expenditure of these funds, there is nothing in the law that

will prevent it, though I do not understand they have done it so far.

It might be that we could arrive at a fair average of the amount that would be needed in most of the States for administration; we might limit it to a certain percentage; but in view of the fact that the Reconstruction Finance Corporation not only has the power to limit it, but is doing it, it would seem to me that we are acting blindly—

Mr. RUSSELL. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Georgia yield to his colleague?

Mr. GEORGE. I will yield to my colleague when the Senator from Kentucky has finished.

Mr. BARKLEY. We would be acting blindly here, without more information than we have, to set up a percentage beyond which they could not go in the administration of these funds. The conditions vary in the different States, and it may not be possible to fix an average percentage.

Mr. RUSSELL. Mr. President—

Mr. GEORGE. I yield to my colleague.

Mr. RUSSELL. The Senator from Kentucky has said on three or four occasions that the Reconstruction Finance Corporation is now limiting the amount each county may expend for administrative expenses. I should like to know what that amount is?

Mr. BARKLEY. It is not a uniform amount. They make an allotment for administrative purposes when they make the award or loan to the State.

Mr. RUSSELL. I think the Senator must be in error about that.

Mr. BARKLEY. They are seeking to control it; it may not be an exact figure in each case but they have taken the position that they have the right—and I think they have the right under the law—to say that not more than a certain percentage of the award or allotment, or whatever it may be called, to any State may be used for administrative purposes. They certainly have some supervision over the set-up.

In my State the governor appointed first an administrator and then he appointed an advisory committee. They served, I think, without compensation. That director of relief, whatever he may be called, is in touch with the agencies set up in all the counties. These agencies may or may not be composed of officers of the county.

I happen to know that in the city where I live, the city of Paducah, of thirty-five or forty thousand people, they have opened an office, and they have put in charge of it one or two competent people at a salary of \$50 a month. That certainly is not any evidence of waste on the part of the governor or his relief director. If this language is put in this bill they must discharge forthwith, or whenever this fund begins to operate and the amount already appropriated is exhausted, every one of those employees in the different counties working at that very modest compensation whose duty it is to investigate all the separate cases where application is made for relief. I am only speaking of my State, because I do not know what the situation is in other States, but I imagine that on the average conditions are about the same. I happen to know that in my county there is no law under which the county officers can employ anybody to do the work that is being done by these \$50-a-month employees, and they have either got to stop the relief or they have got to go about it in a haphazard way and, without sufficient investigation, turn over to anybody who applies either cash or its equivalent in supplies; and I think that that would be subject to greater criticism and would lay the foundation for greater waste and dissipation of the funds than is possible under the present plan.

Mr. TYDINGS. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. The Senator from Georgia has the floor. Does he yield to the Senator from Maryland?

Mr. GEORGE. I yield to the Senator from Maryland.

Mr. TYDINGS. Mr. President, in administering the credits of the agricultural credit corporation, which I have been looking into somewhat to-day, I find that the manager in



my State, Maryland, receives \$8,500 a year. I do not want to be critical; perhaps there is a good reason for that, but from the very brief investigation which I have made it seems to me that that was a rather high salary to pay for assisting farmers in getting seed loans at a time like this. It is nearly as much money as a United States Senator gets; and it strikes me that a salary of five or six thousand dollars a year would be very bountiful. I think there is a great deal, transferring that same idea to the matter in hand, in what the Senator from Kentucky says. However, may I point out to him that in many of the States the county authorities have already existing agencies?

For example, in Harford County, Md., we not only have a demonstration agent but we have a county nurse, we have a county health officer, and various individuals in similar categories, who are in intimate touch with the needs of the people there. It strikes me that there might be combined in an amendment what is in the bill as it is now written and what the Senator from Kentucky has in mind by providing for the case of States or counties or subdivisions where there is no provision for people to administer this fund; but I would be opposed to expending any money in my State for administrative purposes. I want to see the unemployed get every dollar of this money that it is possible for them to get and not have it used for salary purposes. I will concede, however, that there are States where, perhaps, that would not be a very good rule.

Mr. BARKLEY. It may be that in the Senator's State they have taken more forward steps in organizing social welfare workers than they have in some other States, and I have no doubt that some of the counties of the State of Maryland are qualified and equipped to distribute this money or its equivalent. I understand it is not the policy in most States to pay actual cash, but the relief is paid in kind, so that there can be no criticism that men who obtain the money have used it for purposes wholly without the purview of the law. But, unfortunately, most of the States are not equipped with that sort of an organization.

Mr. TYDINGS. That is true.

Mr. BARKLEY. They have no such set-up, and their legislatures, in this situation, would not be willing, I imagine, to pass a law incurring that additional expense at this time. In my State—

Mr. TYDINGS. If I may interrupt the Senator, I concede that there is very good ground for the position he is taking; but I was seeking to safeguard this money for the unemployed wherever it could be done and to make an exception only where the exception was necessary.

Mr. BARKLEY. As a matter of fact, where it is operating, the Reconstruction Finance Corporation is doing that now in States that are equipped to distribute it; they are not making any allowance for administration; but I am not quite sure that I am correct, but I believe that in eight States, if I am not misinformed—six or eight States—because of more advanced legislation, setting up these agencies, they are incurring no expense out of the fund for administration.

Mr. FLETCHER. May I ask the Senator, in order to make headway and see if we can come to some agreement about the matter, if he would be willing to strike out the words "no part" and insert "not exceeding 10 per cent," so that instead of saying that no part of these amounts shall be used for the payment of administrative expenses it would read that not exceeding 10 per cent of the amount paid shall be used for those purposes? I do not know whether that would be agreeable to the Senator from Kentucky or not.

Mr. BARKLEY. If there is going to be any limit, I prefer to leave it to the Reconstruction Finance Corporation, because I think they are working it out satisfactorily.

Mr. FLETCHER. I agree with the Senator; I think it ought to come out; but in case we can not do that, I was thinking that we could limit the amount to 10 per cent.

Mr. BARKLEY. I do not know what the sentiment of the Senate is on the subject. I should like at least to have an expression of the Senate on the question of eliminating it altogether.

Mr. GEORGE. Mr. President, I want to say that, in my judgment, the Reconstruction Finance Corporation has no authority to limit the amount of money that is to be expended for purposes of administration. It has the power to superimpose its will upon the State authorities, because it has the power to make or not to make the loan. Therefore, as a condition on which it would make a loan to any State, it might prescribe a certain limitation upon the amount that could be used for administrative purposes.

As long as this appropriation was in the nature of a loan, and a loan at least chargeable to the State, there was some restraint and restriction on the expenditure of the money. I have already said, however, that it has become now practically a bounty to the State, and the expenditure will be without any restriction or any accountability; and certainly the Congress ought not to turn over its money without providing that the administrative cost shall be borne by the States receiving the benefit of the bounty, or else imposing some definite and fixed administrative charge that the State would be compelled to observe if it received any part of the money. I have no lack of confidence in the governors of the several States. I am insisting upon a principle.

Mr. McNARY obtained the floor.

Mr. COSTIGAN. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Oregon yield to the Senator from Colorado?

Mr. McNARY. I do.

Mr. COSTIGAN. Before the Senator from Oregon makes his customary motion may I say a word? I shall not detain the Senate.

The subject before us is important, and my judgment concurs with the views expressed by the Senators from Kentucky, Florida, and Alabama. Both State and locally administered relief, to be effective and economical, requires the expenditure of reasonable amounts of money for administrative purposes.

At this time I wish merely to introduce in the RECORD a memorandum containing pertinent and valuable information on the subject under discussion. It deals with the cost of relief administration in the different parts of the country. The memorandum was prepared for my use this afternoon and is offered in the hope that it may be helpful to the Senate in reaching a final decision in the event the discussion continues until to-morrow.

The memorandum is accompanied by extracts from a statement recently made by Mr. Walter S. Ufford, the devoted and efficient general secretary of the Associated Charities in Washington, D. C. This statement also should appear in the RECORD.

The PRESIDENT pro tempore. Without objection, the matter referred to by the Senator from Colorado will be printed in the RECORD.

The matter referred to is as follows:

#### COST OF RELIEF ADMINISTRATION

The report of the committee on administration of relief of the Chicago Conference on Maintenance of Welfare Standards, held November 18-20, 1932, under the auspices of the American Public Welfare Association with the cooperation of the Public Administration Clearing House and the School of Social Service Administration of the University of Chicago, made the following recommendations:

"An effective State administrative unit should be established for the direction and supervision of the expenditure of all State and Federal funds appropriated or borrowed for relief purposes.

"In any appropriation for relief a definite allocation of funds for administrative purposes should be included in order to insure proper standards of administration.

"Public welfare administration is a technical function of government and includes types of services which require properly prepared, qualified personnel."

#### STATE ADMINISTRATIVE COSTS

Expenditures for State administration of relief are necessary for the following purposes: (1) To enable the State to determine where local resources are inadequate and the amount of relief from State and Federal resources required; (2) to assist localities in setting up local relief administrations that will insure economical and effective administration of relief funds; (3) to obtain reports as to the manner in which relief appropriations have been expended.

The State administrations set up under State laws (see inclosed chart) and also under funds made available by the Reconstruction



Finance Corporation have found it necessary to expend funds for these purposes, as the following examples show:

**New York:** Appropriations for the temporary emergency relief administration provided by legislation of 1931 and 1932 covered \$439,000 available for State administration, plus \$100,000 available after approval of the creation of a State debt at the November, 1932, general election. The report of the administration for the period ending September 15, 1932, published October 15, 1932 (p. 13), showed that between November 1, 1931, and September 15, 1932, a total of \$239,461.84, or somewhat less than 1 per cent, was expended or allocated for State administrative purposes. In the hearings on S. 5125, January 3 to 17, 1933 (p. 86), the chairman of the New York Temporary Emergency Relief Administration, Mr. Harry Hopkins, stated, "The foundation of the whole organization is on the basis of trained service. On top of it is much voluntary service." In reply to a question by Senator COSTIGAN as to whether it would be economical to endeavor to get along without trained assistance, Mr. Hopkins stated, "You could not do it. You are defeated on all fronts if you tried that." He further stated that they had a budget of about \$30,000 a month for State administration, and that, in his opinion, the amount provided for Federal administration in the Costigan-La Follette relief bill, S. 5125, was very small.

**New Jersey:** The report of the New Jersey Emergency Relief Administration, dated January, 1932, showed a total of \$40,707.87 expended for State administration from October 13, 1931, to January 1, 1932. Attention was called to the fact that this item was extraordinarily small, due to the fact that there were no charges for rent or office equipment and that department heads and principal assistants were obtained from corporations at their expense. The report contained the following comment (p. 22): "The developments of recent weeks have shown that it will not be possible to continue at the present level of expense. In spite of the attempt to build at once a strong organization, it is evident that it is not yet adequate, more particularly because of the breakdown of local facilities, in many places chiefly due to recent financial difficulties."

**Wisconsin:** The report entitled "Unemployment Relief in Wisconsin, 1932-33," published by the Industrial Commission of Wisconsin, February, 1933, shows that the \$10,000 appropriated from the general fund of the State for State administration of unemployment relief proved insufficient and the commission was compelled to use \$3,756 from a different appropriation and \$5,385.62 from Reconstruction Finance Corporation funds to administer Federal aid from September 1 to January 1. The entire cost of State administration during 1932 was \$19,142, or two one-hundredths of 1 per cent of the amount distributed to local communities (p. 25).

**Illinois:** The bulletin entitled "Fourth Interim Report Illinois Emergency Relief Commission, Third Interim Report Illinois Emergency Relief Commission (Federal)," January 20, 1933, showed expenditures of \$189,498.32 disbursed for salaries and expenses of the Chicago office. This came from State funds and from Reconstruction Finance Corporation funds (p. 12).

**Pennsylvania:** Laws of 1931 and 1932 provided a total of \$55,400 for various State officials for the administration of Federal relief funds from the Reconstruction Finance Corporation.

**Rhode Island:** Laws passed in 1931 and 1932 provide \$35,000 for State administration by the Unemployment Relief Commission and \$5,000 for use by the State board of tax commissioners.

#### LOCAL ADMINISTRATION

Expenses for local administration are absolutely essential for the following reasons: (1) To eliminate cases not needing relief; (2) to provide against the duplication of relief by several relief agencies through a central relief clearing house; (3) to provide a means for determining how much relief is needed; (4) to provide service that will help the family to become self-supporting at the earliest possible moment.

The inclosed news bulletin on social statistics in child welfare and related fields, published by the Children's Bureau in September, 1932, contains a chart entitled "Percentage Expended for Relief and for Administrative Costs by Certain Types of Agencies During 1930 and 1931." Twenty-three departments giving general relief in eight metropolitan areas expended 10 per cent of their total disbursements in 1930 for administration, and 7.5 per cent in 1931. An excerpt from the testimony of Walter S. Ufford, general secretary, Associated Charities, Washington, D. C., at the hearing before the subcommittee of the House Committee on Appropriations on the first deficiency appropriation bill for 1933, is inclosed herewith. This testimony called attention to experience in a neighboring city where from \$300,000 to \$400,000 per month is spent for relief. An experiment was undertaken for the purpose of determining whether or not reductions in the average number of relief cases per worker would result in a decrease of relief expenditures. A certain district of the city was chosen, and 18 visitors and 3 supervisors were added to the district staff, which before the experiment included only 12 visitors. At the end of seven weeks a total of \$11,600 had been saved in relief at an additional cost of administration of \$2,600, or a net saving in seven weeks of \$9,000.

**New York State:** The report of the New York State Temporary Emergency Relief Administration referred to above shows that up to September 15, 1932, \$565,674.12 had been paid out or allocated for reimbursement to cities and counties for salaries of employees in home relief and emergency work bureaus. The report sets out the systems of accounting and social records found to be necessary, the local central indexes that were set up, and the

trained and experienced relief investigators that were required. "In several districts," the report states, "an immediate result of the employment of workers trained for this service was the elimination from the poor-relief lists of many welfare divisions of considerable numbers of long-time beneficiaries, with a consequent saving of funds for the relief of families whose needs were real and urgent" (p. 19).

**Wisconsin:** The report on unemployment in Wisconsin, published February, 1933, shows administration costs of 8 per cent, based on costs in 30 relief agencies in Wisconsin for the months of September to December, 1932 (p. 24).

**Illinois:** The Fourth Interim Report and the Third Interim Report of the Illinois Emergency Relief Commission, published January 20, 1933, show costs of administration from State and Reconstruction Finance Corporation funds of 8.46 per cent in Cook County, 6.59 per cent in other counties, or 8.68 per cent in all counties (p. 12).

#### STATEMENT OF MR. WALTER S. UFFORD, GENERAL SECRETARY ASSOCIATED CHARITIES, WASHINGTON, D. C., AT HEARING BEFORE THE SUBCOMMITTEE OF HOUSE COMMITTEE ON APPROPRIATIONS OF THE FIRST DEFICIENCY APPROPRIATION BILL FOR 1933 (PP. 78-79)

May I just add that in a neighboring city, where they are spending between \$300,000 and \$400,000 per month and where much of the money is from public appropriations, but is given to the private welfare agencies of that city to administer, they recently made an experiment which throws some light on this question of the so-called overhead. That is a question that we would like to consider in terms of actual service, and, with your permission, I would like to read you this letter that I received this morning from that city. I would like to read it because I know you are deeply interested in that part of the estimate. I read from the letter, as follows:

"The experiment was undertaken for the purpose of seeing whether or not reductions in average case load per worker would result in a decrease in relief expenditures. We chose the southwestern district where the average case load per worker was 188 families. The number of visitors in that district was 12. We decided to put in enough visitors to reduce the average case load to 75 families per worker, and to put in enough supervisors so that no supervisor would be required to supervise more than 10 workers. Actually we added 18 visitors and 3 supervisors to the district staff.

"At the end of the seventh week we had spent in additional salaries for workers about \$2,600 and had made a gross saving of approximately \$11,600 in relief. The net saving we figured was, therefore, in round numbers, \$9,000 for the seven weeks.

"Since the months of October and November, during which the experiment was conducted, represented a period during which there is normally an increase in relief cases, relief per capita, and total relief, it was obviously unsatisfactory to calculate savings on the basis of actual previous expenditures of the district. We figured our savings, therefore, by comparing per cent change in six districts where there was no increase in the staff with the experience in southwest district.

"Of course, in some families relief was actually increased, when through a more intimate knowledge, undiscovered relief needs were found. The actual savings seem to have been brought about chiefly through the following: A number of families were found to have some person employed whose employment had not been reported to the district. Other families had reported to the worker a larger number of members in the household than actually existed. In a number of instances, through contact with previous employers and other persons, jobs were found for clients. Budgets were readjusted in some families. Some hitherto unknown resources, such as relatives, churches, etc., were discovered. It was possible by closer supervision for the worker to adhere more strictly to the relief policies of the association, and work orders were adjusted to conform more exactly to policies. A number of families withdrew their applications for relief or did not return to the office when they were put on a lower relief budget."

We have reason to believe that in the administration of public relief here in the District of Columbia everything possible is being done to save money, and to give help only where it is absolutely necessary. We question whether or not enough is being given. We do believe from experiences such as we have cited here, and from our own experience in social work, that the best money, you pay is for trained service, and that you save that money many times over by being able to do a constructive piece of work instead of handing relief out over the counter.

Mr. WALSH of Massachusetts. Mr. President, I offer an amendment to the pending amendment offered by the Senator from New York [Mr. WAGNER]. I ask that it may lie on the table and be printed.

The PRESIDENT pro tempore. The amendment will be received, printed, and lie upon the table.

#### ADDRESS BY HON. LOUIS LACHMUND ON PROHIBITION AND ASSOCIATED PROBLEMS

Mr. McNARY. Mr. President, I ask unanimous consent to include in the RECORD an address delivered before the Oregon State Legislature by Hon. Louis Lachmund, of Salem, Oreg., on the subject of prohibition and associated problems.



There being no objection, the address was ordered to be printed in the RECORD, as follows:

**AN ARGUMENT FOR A CHANGE IN OUR EXISTING PROHIBITION LAWS, WITH PARTICULAR REFERENCE TO THE PROMOTION OF TEMPERANCE AND THE UPBUILDING OF OUR STATE AND NATION FROM AN ECONOMIC, MORAL, AND REVENUE STANDPOINT**

The argument herein presented is limited to a discussion of a bill which has been introduced in our legislature having for its purpose the manufacture, sale, distribution of a malt beverage, its regulation, and revenue derived therefrom. Before discussing the question from a purely Oregon standpoint, it might be well to briefly touch the subject from a national standpoint.

Mr. Hoover made it very clear, as food administrator, that the manufacture of beer was of so much greater importance as a temperance and moral measure than the amount of material consumed in its manufacture, that he refused to yield to the pressure of organized drys.

What are the facts as to these raw materials? Coal, for example? The Anti-Saloon League, in its official organ, published in 1918 a statement attributed to coal administration that the brewing industry from 1916 to 1917, which was before prohibition, consumed 3,220,000 tons of coal. It stated that it would require 180,000 freight cars, or 3,700 freight trains, to haul this coal from the mines to the brewing plants. It further stated that the brewing industry consumed 69,000 cords of wood, 527,000 barrels of oil and gasoline, and over 3,649,000,000 cubic feet of gas for heat and fuel. The coal-mining industry of the country is to-day paralyzed. The railroads have been hit hard, and it is estimated that nearly 1,000,000 railroad employees are idle. Would it be an economic benefit to the country to put the coal operators and miners to work to-morrow morning mining 3,220,000 tons of coal for the brewing industry? Would it be an economic benefit to the country to start 180,000 freight cars rolling to-morrow hauling this coal from the mines to the brewing plants?

Bear in mind that the cars used in coal transportation for the brewing industry were only a part of the whole. It probably required more than ten times 180,000 cars to transport all the raw materials and finished products to and from the brewing plants. Now, what are the facts as to grain?

Statistics issued by the Prohibition Bureau showed that in 1917, which was before prohibition, the 1,217 brewing plants consumed 3,924,585,831 pounds of grain and other farm products. In 1929, or 12 years later, the 303 cereal-beverage plants consumed 162,000,000 pounds of farm products, or about 4 per cent of the quantity used before prohibition. Prohibition of beer, therefore, deprived the American farmer of 3,761,895,269 pounds of farm products, of which barley was the largest item. This amounts to 80,000,000 bushels, in round numbers, of grain annually. Putting it another way, allowing 1,000 bushels per grower, it would require 80,000 growers to produce the grain used by brewers prior to prohibition. The barley grower went to wheat, with the result of further increasing the surplus of this commodity. In 1917 farmers received \$2.05; in 1918, \$2.06; in 1919, \$2.18. In 1921 after a year of prohibition they received \$1.04, while to-day it ranges all the way from 10 to 30 cents, according to location and distance from market.

Let us touch the question from an unemployment standpoint. The legalization of beer would provide employment for 1,250,000 persons in the brewing and dependent industries. The Federal Government is faced to-day with a Treasury deficit of a billion dollars. Until 1914 beer was taxed at \$1 per barrel and in 1919 was increased to \$6 per barrel which, on a production of 66,000,000 barrels, brought in a revenue of almost \$400,000,000 annually.

We have had 13 years of prohibition, with the resulting loss of governmental revenue of \$5,200,000,000, which is based on a then-existing population of 100,000,000 people. It is, therefore, safe to say that the Government has lost revenue in beer alone of more than \$7,000,000,000 under our present population. Then add to this the crime-cost burden and the figures would easily reach the stupendous sum of \$20,000,000,000. In addition to an era of lawlessness and flouting of law we have an economic situation that almost amounts to stagnation. The reopening of breweries, many of which are in a state of delapidation, would set a new industry to work that would absorb 1,250,000 workers, consume 10 per cent of our surplus grain, and result in economic benefits to more than a hundred separate industries.

Let us bring the subject to our own State of Oregon. The hop crop has been one of our most important agricultural products. Before prohibition we produced as high as 165,000 bales, or the equivalent of 33,000,000 pounds. To-day we produce about 13,000,000 pounds. But even with this reduced production it employs over 50,000 people to harvest the hops alone, and spends in excess of \$650,000 in a period of little more than two weeks—a tidy sum in these days of distress. An additional sum of \$900,000 is expended for general production of the crop—insurance, burlap, twine, etc. The price of hops during the past few years has ruled around the cost of production, but with legalized malt beer, increase in acreage would become necessary to balance consumption. But in the meantime the market value of the crop would greatly enhance in value. With the opening of breweries every bale of unsold hops of all ages would be required, and we would go into the coming season with an empty storehouse. The existing acreage in Oregon alone is capable of producing 20,000,000 pounds. It is not unreasonable to anticipate a 50-cent market or a \$10,000,000 hop crop in the Willamette Valley.

Visualize the effect of \$10,000,000 spread through 10 counties in the valley. It would require \$2,500,000 alone to produce the crop, the bulk of which would pass into the pockets of the needy class of people. This would leave \$7,500,000 for the grower to expend. It would enable him to pay his back taxes, lift his mortgages, liquidate his obligations to the banks and merchants and bring about an era of prosperity. Another important feature which must not be overlooked is the fact that 98 per cent of all our hops are sold without the State and not within the State; in other words, this vast sum of money would come from the brewers in New York, Illinois, Wisconsin, Maryland, Massachusetts, and other large consuming centers, and from London, where a part of our hops are annually marketed and for which there is a demand on account of their high quality.

There is an abundance of additional data available for your committee which the trade can and is ready to furnish, but sufficient information is furnished in this brief in the support of the contemplated legislation. The regulatory and revenue features of the bill under consideration may require some changes, but on the whole appears to be satisfactory. I understand that many of its features have been taken from the Quebec law, which to-day is recognized as a model of its kind. No perfect law on this or any other subject can be drawn, but after a fair trial its strength and weakness will soon manifest itself.

**ADDRESS BY ARTHUR KROCK ON WORK OF WASHINGTON NEWSPAPER CORRESPONDENTS**

Mr. WAGNER. Mr. President, I ask unanimous consent to have printed in the RECORD a very learned and enlightening speech delivered by the distinguished editor, Arthur Krock, at the luncheon of the Columbia Alumni Federation on February 13, 1933.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

President Butler, members of the Columbia alumni, and guests, my pleasure in being asked to participate in the program of such an occasion is, I admit, tinged with surprise that a newspaper man of my classification should be asked to speak. Primarily, the function of the Washington correspondent is to sift information from the heap of governmental activity and present it to the readers of his newspaper without comment. Under the personal responsibility fixed by his signature over his articles he may analyze and interpret the news and reveal the atmosphere in which it is made without committing his newspaper to his analysis or interpretation. But that is as far as the correspondent may go and not transgress the implicit contract between the reputable newspaper and its readers. This contract is that nothing shall be found in the news columns which, even by the subtle methods known to experienced journalists, misrepresents an opinion as a fact. If the correspondent expresses opinions, they must be the opinions of others. And if he inserts his own opinion under the representation that it is the view of the community which the article concerns, he has forsaken his pledge and that of his newspaper to its readers.

Because of this severe regulation, the correspondent yields public attention and fame, with their pleasing usufruct, to the signed commentator, the personal editorial writer, and to the editor whose identity becomes generally known. While he digs in the stubborn soil of capitals for his few nuggets of fact, beset by the harshest sort of obstruction and competition, the signed editorial writer and the editor in their peaceful studies await the delivery of these nuggets to the surface, and then leisurely and noncompetitively separate the gold from the dross while thousands cheer. It is notable that the Senate Finance Committee, in seeking the views of those who may know how to save the country, did not ask any correspondent or reporter to come before them. This may serve to explain why I feel especially flattered to-day. I have been both editor and reporter, and I understand their relative status.

You of Columbia and at Columbia are used to the unlimited scope of your sages and seers. Their telescopes survey the world at a glance and sweep easily through the solar system and across the sun. At Washington we sit peering into a microscope. On the narrow field beneath our tiny lens the political infusoria dart about. Our range is so close that frequently, and properly, we are accused of failing to envisage the broad aspects of problems. But on that narrow field are fought and won and lost some of the most important battles of the world. So it is well, perhaps, that we should sit at our microscopes, bringing daily to the Olympians at their telescopes the news of the political conflict.

At the moment, Washington is the troubled Capital of a troubled Nation and a melancholy world. The fault, I think, is not lack of capacity or good faith on the part of legislators and members of the administration. Under the workings of our political system those responsible for government had half their power shorn in the elections of 1930, when the House became Democratic, and the rest of it was taken by the voters in 1932 when the Senate and the Presidency were also put into the hands of the other party. Since 1930 there has been a partial interregnum, punctuated by an occasional enactment forced by the economic crisis. Since last November the interregnum has become complete, and neither party, the President, nor the President elect is responsible for it.

It was perfectly evident to observers of our system that if the administration and the control of the Senate were changed in the last national elections, the existing situation would result. I



think the change was worth the cost. But, whether it was or not, it seems manifestly wise to stop worrying about the lost motion inevitable up to noon on March 4 and to begin concentrating on how best to set the wheels turning again after that date.

The wheels will turn, and will continue to turn, and will manufacture the energy required to pull the world up to the surface again only if Franklin D. Roosevelt makes a success of the Presidency. His failure would produce conditions which would make the last three years seem like the Golden Age. I do not believe that there is serious disagreement in this presence with that view.

But these questions immediately arise after the expression of that opinion:

Has Franklin D. Roosevelt the moral and intellectual qualities plus the will and the spirit to make a success?

How can those within the sound of my voice, in common with American citizens everywhere, help him to that success?

Of the qualifications of the President elect I am confident. He is experienced, earnest, clear in purpose, and possessed of greater public prestige and party strength than any Chief Executive in recent times. But unless he is supported and followed, these qualifications will be insufficient. Opposing him are the personal ambitions of men in office, the natural partisanship of minorities, and a confusion of counsel which must be evident to you in the jangled utterances of your favorite economists and public advisers.

How can you help to level these obstacles? I venture to submit some definite suggestions:

Against the powerful and selfish lobbies which control legislation because they are organized, each community and group should set up public lobbies and be as ruthless as they are. If they threaten Members of Congress in the name of extravagance, why during this emergency should not public groups of greater size threaten them in the name of economy? I should like to see the National Economy League and that veterans' association which opposes the bonus make political organizations as ruthless for the right as these others are ruthless for the wrong. We have enough commissions and committees already. But there is one more which would be worth all the others—a nonpartisan group of national leaders, whose names are known and respected, who will pledge themselves for a year to watch closely what goes on in Washington, and unhesitatingly and publicly denounce, in words which will come to them, all evidences of political sniping or legislative delaying beyond the point where a man has the right to state his opposition.

Behind this national committee should be the body of citizens, emphasizing the denunciation by expressing themselves similarly in the newspapers and in letters to their legislators. You can not possibly realize the effect of a widespread attention to this public duty, usually neglected in the United States.

A real opportunity to apply the birch will come when Mr. Roosevelt, as I feel certain that he will, asks Congress to approve changes in the laws affecting veterans' compensation, changes which will reduce the cost of Government by hundreds of millions. Congress would be glad to give him a grant of power in advance, but it has been objected that this is constitutionally impossible. If that objection holds, he must ask for a specific enactment; and the opposition to it, engendered by fear of the lobbies, will be a powerful adversary even to his prestige and political strength. The moment that this comes, if the American people will make themselves heard, it can be won. If they take out their feelings in talk on the street corners, it may be lost.

There are two other instruments necessary to the new President's success—the party caucus and a liberalization of the Senate rules. However much they may dislike the system, the American people must now stand behind the caucus. If the President can not bind his party to his program in advance so that individual legislators, beset by lobbies, may excuse their vote on the ground of party regularity, essential items in his program must fail. If a few Members of the Senate, even with its large Democratic majority, avail themselves of the powers of delay which are inherent in the rules, these should be tightened beyond the point of the closure regulation which is now so reluctantly applied. Demand closure if there is undue delay, and new rules if that remedy proves insufficient. The Senate will hear and heed the demand if it comes from the mass of the citizens.

When Congress is given an unmistakable impression of the people's will, it usually responds. Much of its weakness arises from the fact that on controversial or emergent issues the public permits itself to be split up by propaganda or sentimental emotion, while the lobbies stand solid and firm.

I realize that I am speaking to this group as if it were the whole American people. But it is an influential and representative group, and, multiplied as it can be, determined as it should be, with telegraph wires, the mails, and the newspapers wide open to its views, it can enable Franklin D. Roosevelt to effect his program. Whatever that program is, we must support it in its essentials. There is no other pathway to recovery. Every other direction is down.

ADDRESS BY DR. GEORGE W. TRUETT ON "LIQUOR AND ITS CURE"

MR. SHEPPARD. Mr. President, I submit for publication in the RECORD an address on Liquor and Its Cure by Dr. George W. Truett, pastor of the First Baptist Church, Dallas,

Tex., at the state-wide convention of dry forces at Dallas, Tex., January 2, 1933.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Mr. Chairman and all you, my friends and fellow temperance workers, as a citizen of Dallas, I join with my good neighbor, Dr. W. C. Martin, pastor of this great church, in a most cordial welcome to this group who have come to take counsel with each other regarding this great temperance cause. From El Paso to Texarkana, from Brownsville to Denison, from Beaumont to Amarillo, this whole great State is well represented in this conference to-night. I would take a moment also to felicitate the State of Texas that these great leaders, Dr. C. C. Selecman, of Southern Methodist University, as our president; Dr. W. R. White, of Fort Worth, our executive secretary; and that stalwart Christian business man, Arthur A. Everts, our treasurer; Bishops John M. Moore and H. A. Boaz, of the Methodist Church; and many others of like prominence are willing and glad to give their time and energies as leaders in this great cause. Likewise we rejoice that so many of our pastors and educators, doing their noble work in their several fields, are showing their warm sympathy with this movement, so that our hearts are stirred indeed by such a mobilization of strength from all over Texas.

We are of one mind that we are facing one of the most responsible hours ever faced in the life of our country. For more than a hundred years the moral forces of our Nation have been working for temperance and good government. Some of the most vital chapters in our national life have been written in connection with the effort to have a sober, thinking nation, and the highest expression of civilization and government. The eighteenth amendment has been written into the Constitution of the United States. The finest sentiment is behind such enactment by our people. We want to remind ourselves that 9 States were already dry, and that in 1914, 23 more wheeled into the dry column, making a total of 32, before the eighteenth amendment was passed. Then the eighteenth amendment was written into our Constitution, the greatest gift of the Nation to the home, and the greatest contribution to our self-government yet made. Soon the 46 States through their legislatures gave full approval to the enactment of this amendment. It has been written into the Constitution of the United States with the greatest backing ever given any Federal law in the life of this country. You want to remember that, for you hear in many directions how that amendment was foisted on the life of the people. Thoughtfully, carefully, prayerfully it was written, and in the same manner adopted.

But now conditions have arisen that compel a reopening of this whole question. Two great parties have made decisions that force us to a reexamination and a reiteration of the matters we thought settled. This is a moral question, and the moral forces of the Nation can not, dare not, and will not be silent about it. If you think the preachers are going to be silent about this principle, that goes to the foundation of the home and the social, moral, religious, and economic life of our people, then you have misread the spirit and the temper of the preachers of the United States. They will not be silent, they can not be silent, when the very stones of the street cry out for action and for leadership. The whole question is now before us for reexamination and reiteration, and in every city, in every town, in every village, and in the farthest country places, we must bring it before the different estates of our people for their renewed judgment in this great cause. The issue must go back to the tribunal of our people, the message carried by every pulpit and every religious and moral leader in the community, whether in one party or another. If the matter were political, this group would not be here at all. The question is bigger and deeper and broader than that. Our Government is involved, the business of the country is involved, the home is involved, the religion of Christ is involved, the little children and the helpless women are involved, and no true prophet of God in this whole land is being silent to-day. We certify all the estates of our people that this question is now going to have the attention of this Nation wherever we can command that attention. The preachers must speak the truth faithfully and in the right spirit. We have a great message and a great mission; we must now declare that message and fulfill that mission. The awful responsibility of this task is in our hands, and we must not fail.

The press also will help in this fight. I join with Bishop Moore in gratitude that in Dallas our four papers speak earnestly on this subject, and in a way to cheer our hearts. The secular press is needed in this great battle, and we are happy to find that some of our papers are writing some of the most wholesome editorials on which our eyes have fallen. How powerful is the press of our land and how great is its responsibility! It can betray and desert a great democracy or it can sound such clarion notes that that democracy may be safe in time of storm, with its feet placed on a high mountain. We will call the press to our aid in this great struggle.

The laity, of course—those noble laymen of every group who are everywhere the bulwark of the social order where it is built on the right foundation—must stand together with us in this crusade. The fine lawyers, the fine educators, the fine business men, other fine professional leaders, the fine physicians—what would we do without the medical profession's clear-voiced stand on prohibition? Every great medical society over the country has



taken its stand in favor of prohibition. Many individual professional men have passed on this question in a great way. I have here a report on the Dangers of Moderate Drinking, by Richard Cabot, for many years chief of staff of the Massachusetts General Hospital and professor of medicine in Harvard University. Hear what he says:

"Forty years ago I was almost as ignorant about alcohol as most wets appear to be to-day. I supposed it would stimulate the circulation and the brain, and so help to pull a man through pneumonia or typhoid. It took years of watching its effects in those and other germ diseases to teach me, as experience has now taught almost all intelligent physicians, that alcohol does harm and not good in infectious diseases. Forty years ago almost all the physicians at the Massachusetts General Hospital believed that alcohol stimulated the heart and the powers of resistance in fevers. Now I don't know one who believes that. The medical use of alcohol as a stimulant has been given up in the better hospitals because to-day we know that it is not a stimulant, but a narcotic. We used to think that moderate drinking—'temperance,' as the wets call it—did no harm. Now we know it is responsible for our enormous loss of life through automobile accidents on our streets. One cocktail is enough to impair the dexterity and quickness of hand and foot, to spoil the man's judgment about speeds and distance, on which safe driving depends. Most of the drunken drivers arrested every week on our streets are not drunk in the ordinary sense. They can walk and talk well enough; they have imbibed only a moderate amount of liquor. They are temperate drinkers, but they are the most dangerous of all drinkers in this fast-moving age. The man who is really drunk, the excessive drinker, rarely tries to drive a motor car. It is the moderate drinkers who do most harm. They killed in 1931 more people in the United States than typhoid fever, diphtheria, and influenza put together.

"The effects of alcohol in killing people when much of it is taken within a short time, are usually laid to 'bad liquor.' This is very rarely proved. Almost all deaths from drinking are due to too much 'good liquor.'

"Prohibition has not stopped 'moderate drinking' on the part of many persons. Hence we have still to fight the enormous evils of 'temperance' and 'moderation.' The evidence of excessive drinking shown in cirrhosis of the liver and the alcoholic insanity following repeated attacks of delirium tremens are also with us, but have decreased since prohibition, even when enforced as little as the wets permit us now to enforce it.

"The wets complain of bootlegging, of riches and power in the hands of criminals, of the bribing of officials and the corruption of those who ought to enforce the law. But who corrupts them? Who gives the criminals power to corrupt them? Of course, it's the wets. They shoot holes in prohibition, and then complain that it isn't bullet-proof. They pay bootleggers to bribe policemen and then they complain that there is much corruption in the business.

"Surely this is a new trick in the public discussion of a serious matter. I never knew people themselves to cause an evil with their own hands, their own money, their own throats, and then go on the stump and complain of it. I never knew a man to pull up a railroad track, burn the ties, and twist the rails, and then complain because his train wouldn't run smoothly over the tracks. I never knew a man to pour water on all fires in his house and then complain 'that they had all gone out.' I never knew a citizen to bribe a policeman to stay off his beat, and then complain that the policeman was not on it.

"That's the wet side of this case, and the only argument they have got is that things are just as bad as they have made them. Poor wets! Their logic is almost as bad as their habits!"

This is not a preacher, friends, it's an honored professor of Harvard University, a staff member of the Massachusetts General Hospital. And he is not alone. Business men like Ford, economists like Fisher, of Yale, join us in the statement that this movement should have the support of every man and woman who loves humanity throughout this great country.

And the women—that mighty group! Whose heart does not stir when good women come to the side of a great cause! Mrs. Henry Peabody told the Congressmen: "Ten millions of the women of America are now enlisted by name in the battle to keep this country dry. Gentlemen, you will have a lively race to get beyond those women, who are highly resolved that the eighteenth amendment shall not be repealed."

Then the young people, led by such stalwarts as T. C. Gardner, when they hear of this high cause of prohibition, when they are informed as we mean to inform them, they will enlist in myriads under the temperance banner. Young men have won the day in the early American colonies; in the great days of Texas independence; in the French Revolution; at Marathon and Thermopylae. In the World War, the greatest holocaust the world has ever known, again it was the young men who won the day; and the young men, fortified and encouraged by the young women, are coming to enlist in this war by the millions; the young people of America are going to be mobilized to take care of this great job.

What is to be our argument? Not invective and denunciation. Not that. When the saloons were in this city years ago I had contacts with the men who ran them. I buried their dead. I sat with them in sorrow. I have gone to their homes after a child had gone, or perhaps a loved wife and mother; and I have said to those men, "Because I am your friend and the friend

of your family I am against your business world without end, because it is wrong." We are sure of the righteousness of our cause. How shall we press it? Not with sarcasm and invective and ridicule. Not with playing politics. This question goes to the very foundation of our social order, and every right-thinking person is pledged to give us hearty cooperation. Let us go out now in this great cause and teach all the estates of our people what is involved. Teach them—tell them—show them.

To-day the people perish from lack of knowledge. It is 15 years since the amendment was voted. A new generation has come which does not know the things we know about the earlier day. It is not enough to tell them that if the eighteenth amendment is repealed we will have the saloons back again. Teach the young people about the saloons. Tell them that women hated to pass those corners, particularly after the dark had come, because men reeled from those swinging doors stumbling and vomiting and swearing. If you had a woman with you, you walked fast to get by those places—and those places were everywhere. I agree with Bishop Moore that I used to see more drunken men in one Saturday night than I have seen for the last 10 years. Teach the young people about the saloon. Tell them that it was a cesspool in foul things; that in its shelter nestled the gambling house and that den of iniquity, the brothel, where women sold their bodies for money. The youth doesn't want that back again any more than we do, and they with us will dedicate their lives to the statement that it shall not come back. This is our great task—to go out and tell the young people. The saloon was the enemy of the Nation. It was the enemy of our bodies, for eyes were bleared and hands were trembling; it was the enemy of our minds, for clear thinking and high purpose were impossible under its rule; it was the enemy of the souls of men and the power of God, and it was declared in the Good Book that no drunkard shall enter the kingdom of God; so it is written, "Cursed be he that putteth the wine cup to his brother's lips, for at the last it biteth like a serpent and stingeth like an adder."

All these things we will tell our young people. All the estates of our people will be advised again concerning them. We used to know these things. It used to be that never a week went by that we did not hear them from our mothers or from the pulpit or from one of the temperance bands; that drink was the enemy of mankind, the source of poverty and pain, was brought home to us earnestly and often. It is still the great enemy, the enemy of decent civil government, the Gibraltar of bad politics in America. It is political harlotry for the State to go into the business of legalizing the liquor traffic. We are going to tell the young people that we are turning back to black savagery, if we allow liquor back in this country. We will find the conscience of our people, because we have a conscience that can not be stilled. Paul, the greatest apostle, was grandest of all when he said, "Herein do I exercise myself, to have a conscience void of offense toward God and man." We are banded together in the great bundle of life. No man liveth to himself or dieth to himself. Lady Macbeth may wring her white hands and say she did not murder Duncan, yet is she guilty of blackest murder because she cheered on the man who put the dagger to his heart. If we are silent when it is planned to turn that black tide of ruin upon our country, then you and I are particeps criminis in this great crime.

We will certify to the American people all these facts. We will not be silent. Too much is at stake. "I am debtor to Jew and Greek \* \* \* to all men." We are debtor to all men to-day, and to those coming after us. Here is a great moral question, going to the very taproot of our national life, and we must deal with it. To get our tax money out of legalized liquor is one of the most incongruous things one could possibly dream about. Imagine taxing crime and ruin to get money to run our schools and hospitals! Taxing iniquity to run our State is a crime against humanity. Such a moral wrong never could be right. To take such money to run our social institutions is one of the most impossible things in the history of civilization. Tax money. Revenue. There are some things right-minded men and women must not dare to consider. We are to make the people see that. Into every schoolhouse, every hamlet, every wayside place we must take the message, and my humble judgment and deep conviction is that when the people see it clearly they will say, "The eighteenth amendment must be maintained." It will be treason to nullify the efforts they have made for years to make and keep this a sober Nation in the sight of God.

This is an hour of rededication to a great purpose. The gauntlet has been thrown with a sort of gay defiance. We will take it up, and we will never drop the fight until it is written in the annals once and for all that there shall be no legalized liquor in our country. This is a great hour we are facing, and we face it with courage. We are of one mind—that there has been a slump in moral ideals since the war to the last degree regrettable. We have slept while the enemy sowed tares in our fertile fields, but the children must come back and get the right education on this matter. Homes, as the great educators, must come back and challenge the power of the liquor traffic; and under the directed power that flows in this week from one end of the country to the other we must speak our will to our legislative bodies. And remember that back of every political group is God. "Ride on, O King Eternal." Every man and woman who hears me to-night will go out to say, "Because we care for the highest welfare of mankind—too much is at stake; we can not be silent; we tell you what this thing means to you and to those who come after you,



and we ask God to bring it close home to you." If we do this worthily, earnestly, persistently, prayerfully, there is one sure outcome.

"Our fathers to their graves have gone;  
Their strife is past—their triumph won;  
But sterner trials wait the race  
Which rises in their honored place—  
A moral warfare with the crime  
And folly of an evil time.

"So let it be. In God's own might  
We gird us for the coming fight,  
And strong in Him whose cause is ours  
In conflict with unholy powers,  
We grasp the weapons He has given,  
The light, the truth, and love of Heaven."

O God, lead us on!

#### ADJOURNMENT

Mr. McNARY. Mr. President, I move that the Senate carry out the unanimous-consent agreement and adjourn until 11 o'clock to-morrow morning.

The PRESIDENT pro tempore. The question is on the motion of the Senator from Oregon.

The motion was agreed to; and (at 5 o'clock and 35 minutes p. m.) the Senate, under the order previously entered, adjourned until to-morrow, Saturday, February 18, 1933, at 11 o'clock a. m.

## HOUSE OF REPRESENTATIVES

FRIDAY, FEBRUARY 17, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Lord God of hosts, be with us yet and let us be conscious of Thy holy presence. With gratitude we approach Thee. Make us altogether worthy of our high calling and touch our hearts by the breath of our Heavenly Father. As servants of the people, may we be prophets and ministers of a better day dawn. Thou who art the bread of life strengthen us in that faith that maketh not ashamed and that sees the sun behind the floating cloud. We pray, blessed Lord, for the might of that faith that rebukes selfishness and greed and that lays hold of the altar of God. We thank Thee for the Teacher of Samaria, whose beatitudes are His portrait, whose life is the light of men, and who still walks the waves of this turbulent world. Amen.

The Journal of the proceedings of yesterday was read and approved.

#### MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 14363. An act making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1934, and for other purposes.

The message also announced that the Senate had passed a joint resolution of the following title, in which the concurrence of the House is requested:

S. J. Res. 211. Joint resolution proposing an amendment to the Constitution of the United States.

The message also announced that the Senate had agreed to the amendments of the House to the concurrent resolution (S. Con. Res. 42) entitled "Concurrent resolution to compile, print, and bind the proceedings of Congress in connection with the exercises in memory of the late President Calvin Coolidge."

The message also announced that the Senate had passed the following resolution:

#### Senate Resolution 362

*Resolved*, That the Senate has heard with profound sorrow the announcement of the death of Hon. GODFREY G. GOODWIN, late a Representative from the State of Minnesota.

*Resolved*, That a committee of two Senators be appointed by the Vice President to join the committee appointed on the part of the House of Representatives to attend the funeral of the deceased Representative.

*Resolved*, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

*Resolved*, That as a further mark of respect to the memory of the deceased Representative the Senate do now take a recess until 12 o'clock m. to-morrow.

The message also announced that pursuant to the foregoing resolutions the Vice President had appointed Mr. SHIPSTEAD and Mr. SCHALL members of the committee on the part of the Senate to attend the funeral of the deceased Representative.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. KLEBERG, for two days, on account of important business.

The SPEAKER. Pursuant to the order of the House, the Chair declares the House to be in recess.

Accordingly the House stood in recess, to meet at the call of the Speaker.

#### ORDER OF EXERCISES

Prelude, Sacred Selections (11.30 to 12)—

United States Army Band Orchestra  
Presiding Officer—The Speaker of the House of Representatives  
Invocation—The Chaplain, Dr. James Shera Montgomery  
Male quartette—Lamp in the West (Parker)—Double quartette  
Scripture reading and prayer—The Chaplain  
Roll of Deceased Members—

The Clerk of the House of Representatives  
Devotional silence.

Contralto solo—God Shall Wipe Away All Tears (Harker)—  
Vera Ross—Edgar T. Paul, accompanist

Address—Hon. JOHN W. MCCORMACK

Representative from the State of Massachusetts

Soprano solo—These Are They (from Holy City) (Gaul)—

Mrs. Edgar T. Paul—Edgar T. Paul, accompanist

Address—Hon. FREDERICK M. DAVENPORT

Representative from the State of New York

Baritone solo—Hosanna (Granier)—Edwin C. Steffe

Cornet solo—Nearer My God to Thee—John J. Kahler

Staff sergeant, United States Army Band

Benediction—The Chaplain

#### MEMORIAL SERVICES

The SPEAKER of the House of Representatives presided.  
The Chaplain, Doctor Montgomery:

Almighty God, unto whom all hearts are open, all desires are known, and from whom no secrets are hid, cleanse the thoughts of our hearts by the inspiration of Thy Holy Spirit, that we may perfectly love Thee and worthily magnify Thy holy name. Amen.

The double quartet sang "Lamp in the West."

The Chaplain, Doctor Montgomery:

*Let not your heart be troubled; believe in God; believe also in Me. In my Father's house are many mansions; if it were not so, I would have told you, for I go to prepare a place for you. And if I go and prepare a place for you, I will come again and receive you unto Myself, that where I am there ye may be also.*

*Consider the lilies of the field, how they grow; they toil not, neither do they spin; and yet I say unto you that even Solomon in all his glory was not arrayed like one of these. Wherefore, if God so clothe the grass of the field, which to-day is, and to-morrow is cast into the oven, shall He not much more clothe you, O ye of little faith?*

*And He showed me a pure river of the water of life, clear as crystal, proceeding out of the throne of God and of the Lamb. In the midst of the street of it, and on either side of the river was there the tree of life; \* \* \* and the leaves of the tree were for the healing of the nations.*

*And there shall be no night there; and they need no candle, neither light of the sun; for the Lord God giveth them light; and they shall reign for ever and ever.*

Serene, I fold my hands and wait,  
Nor care for wind, or tide, or sea.  
I rave no more 'gainst time or fate,  
For, lo! my own shall come to me.

I stay my haste, I make delays,  
For what avails this eager pace?

I stand amid the eternal ways,  
And what is mine shall know my face.